

World Wheat Supply and Demand Situation

November 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released November, 2018. Projections will change over the course of the year depending on weather and other developments.



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Highlights of USDA's 2018/19 Supply and Demand Estimates

1. 2018/19 global wheat production to fall for first time in 5 years

- Global supplies estimate to fall to 1013 MMT; down 1% from the 2017/18 record
- Wheat production in Australia to fall to 17.5 MMT, 30% below the 5-year average
- U.S. wheat production estimated at 51.3 MMT, 8% above 2017/18

2. Consumption forecast at a record 743 MMT, 4% above the 5-year average

- Chinese domestic consumption expected to reach 123 MMT, 4% above the 5-year average
- U.S. domestic consumption to grow 7% year over year to 31.3 MMT

3. World wheat trade projected at 179 MMT, 3% above the 5-year average

- Australian exports to drop to 11.5 MMT, 18% below 2017/18 , and the lowest level since 2007/08
- Exports from Russia to fall 15% year over year 35.0 MMT, still 28% above the 5-year average
- U.S. 2018/19 exports to increase to 27.9 MMT, up 14% from 2017/18, if realized



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Highlights of USDA's 2018/19 Supply and Demand Estimates

4. World beginning stocks estimated at record 279 MMT, up 7% year over year

- Beginning stocks in Argentina forecast at 1.00 MMT, down 42% the 5-year average
- U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels

5. Global ending stocks projected at 267 MMT, 4% below the record 2017/18 level, if realized

- Estimated Chinese ending stocks of 144 MMT account for 60% of global ending stocks
- Exporter ending stocks forecast at 58.1 MMT, down 18% year over year
- Ending stocks in importing countries to fall to 65.0 MMT, 11% below the 5-year average of 72.4 MMT

6. U.S. farm gate average price forecast 8% higher in 2018/19

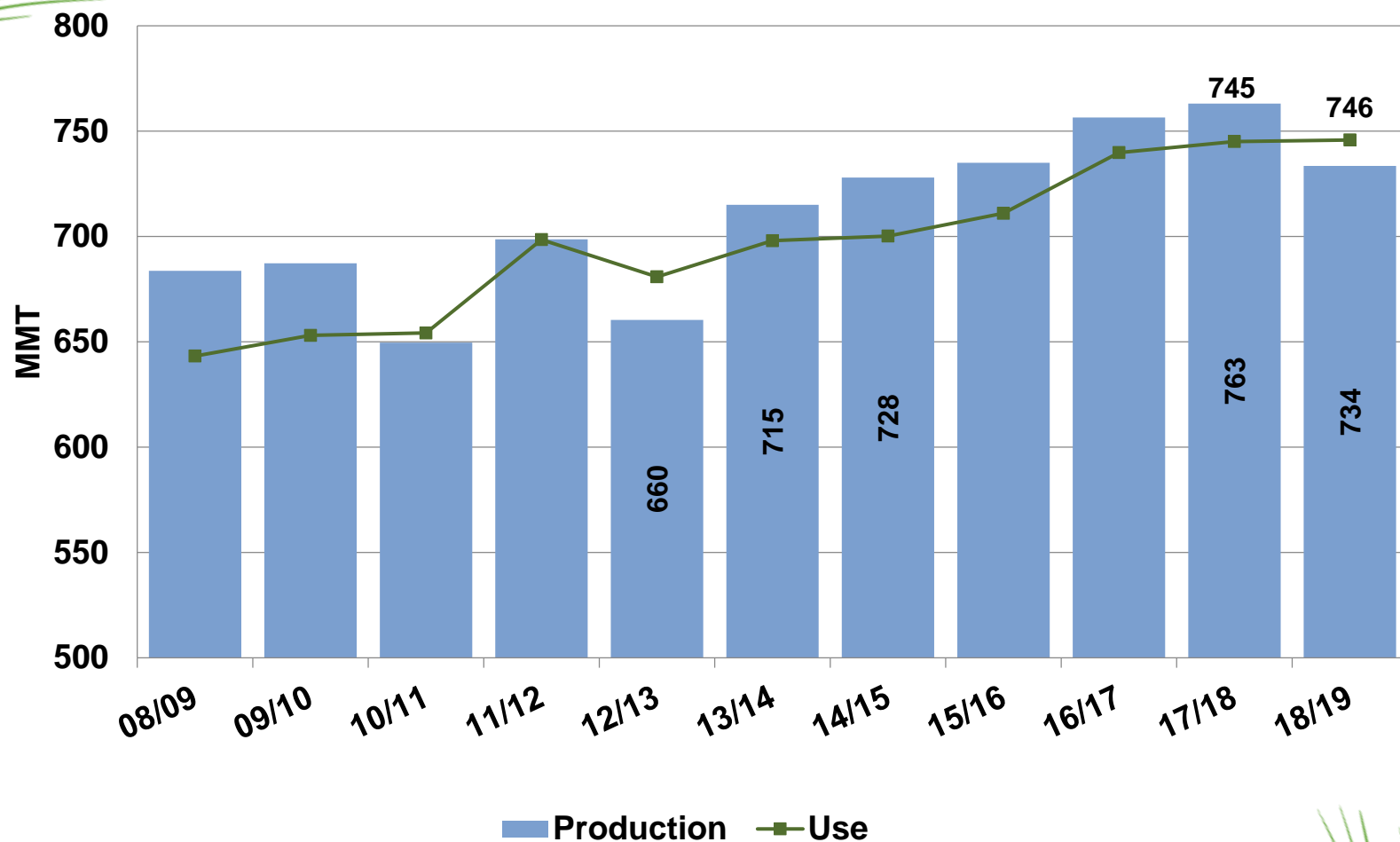
- Projected average range: \$4.90 to \$5.30/bushel (\$180-\$195/MT)*

**Average U.S. farm gate price, marketing year weighted average*

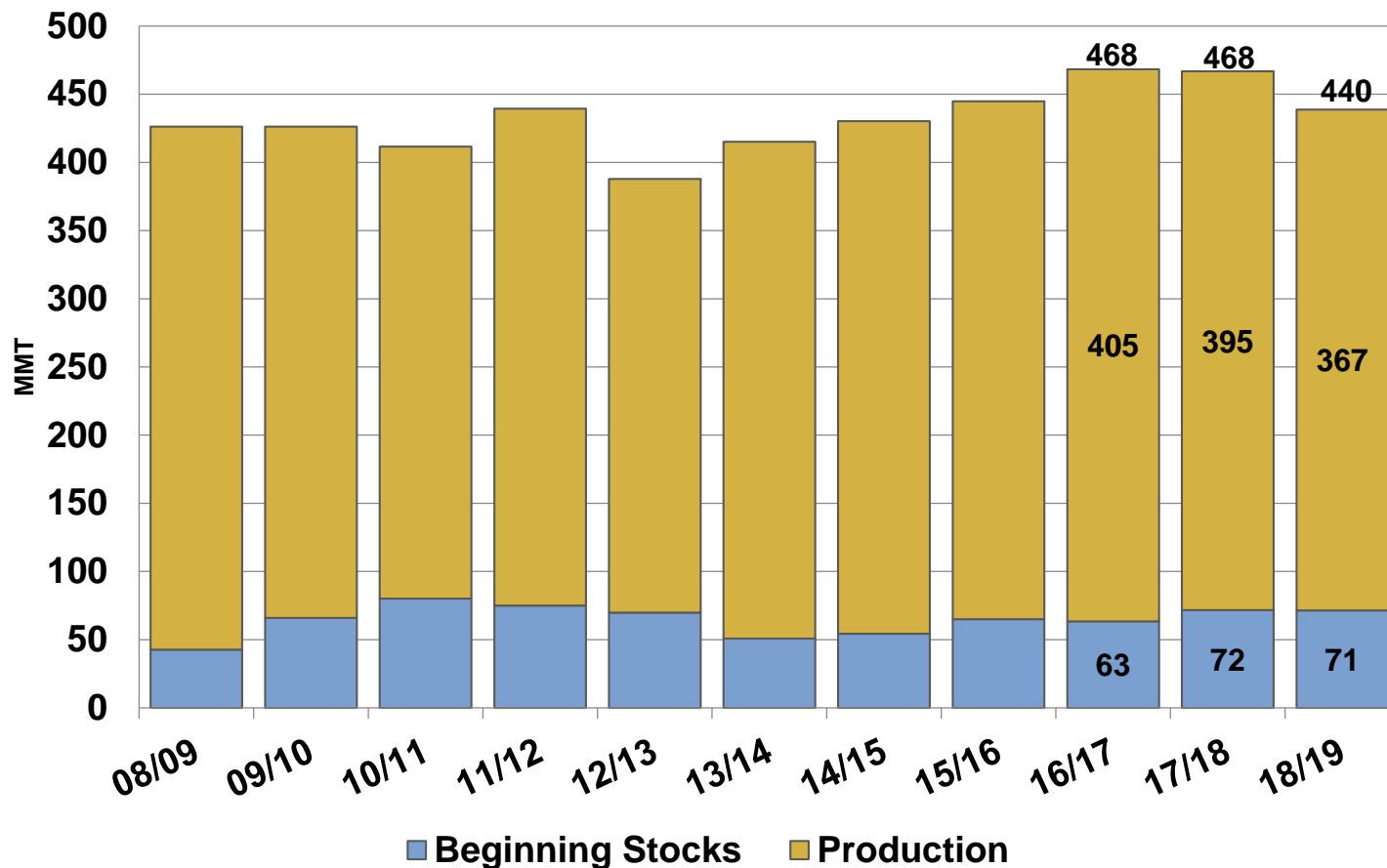


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World Production and Use



Supplies in Top Exporting Countries*



*Includes U.S., Canada, Australia, Argentina, EU-27, Russia, Ukraine and Kazakhstan

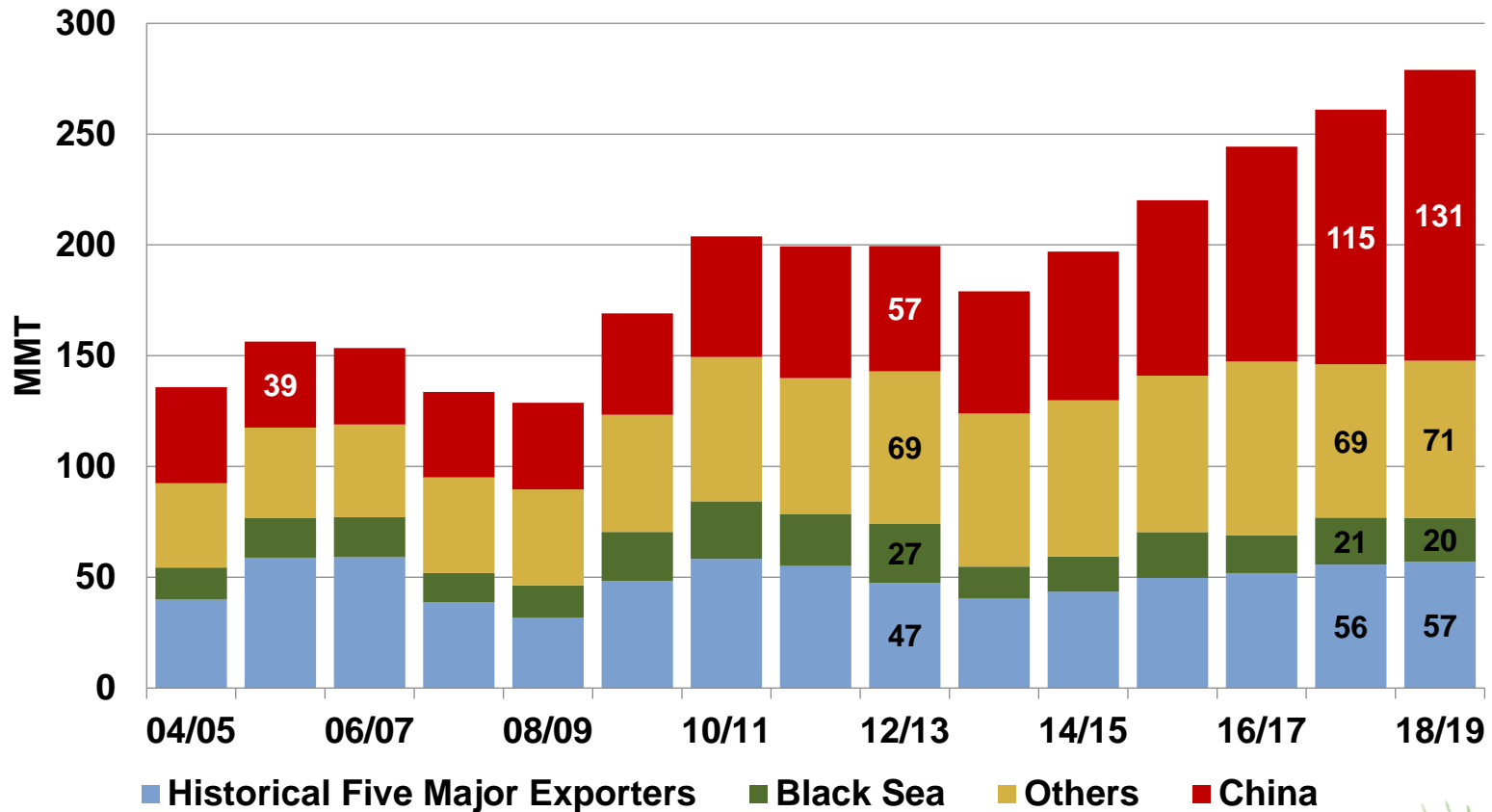
World Wheat Supply and Demand

| | | 16/17 | 17/18 <i>MMT</i> | 18/19 |
|----------------|-----------------------|-------|---------------------|-------|
| SUPPLY: | Beginning Stocks | 244 | 257 | 275 |
| | Production | 752 | 759 | 731 |
| | Supply Total | 996 | 1016 | 1006 |
| TRADE: | Exports/Imports | 183 | 181 | 180 |
| DEMAND | Food & Seed | 592 | 597 | 605 |
| | Feed & Residual | 147 | 144 | 140 |
| | Use Total | 739 | 741 | 746 |
| | ENDING STOCKS: | 257 | 275 | 260 |



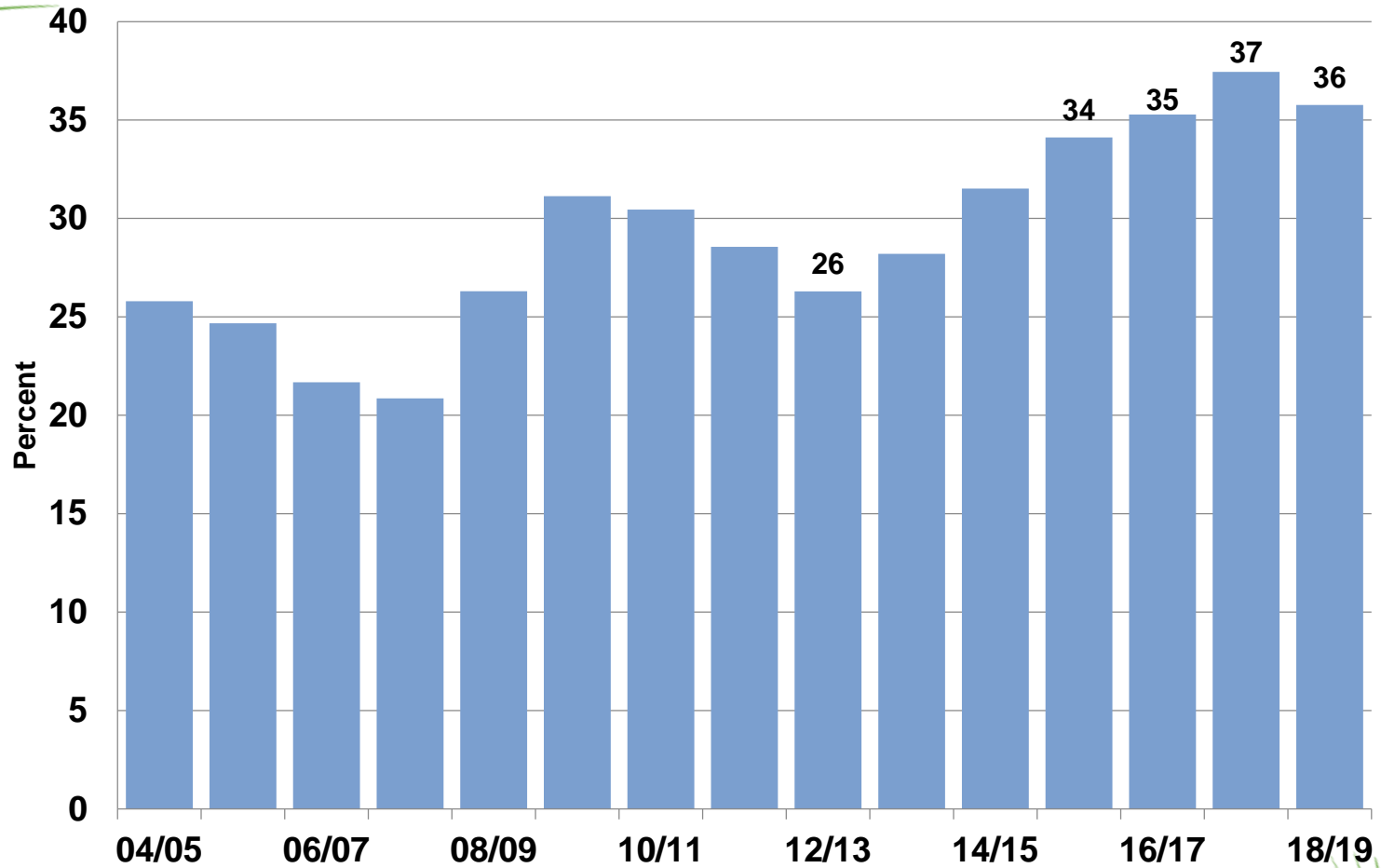
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World Beginning Stocks



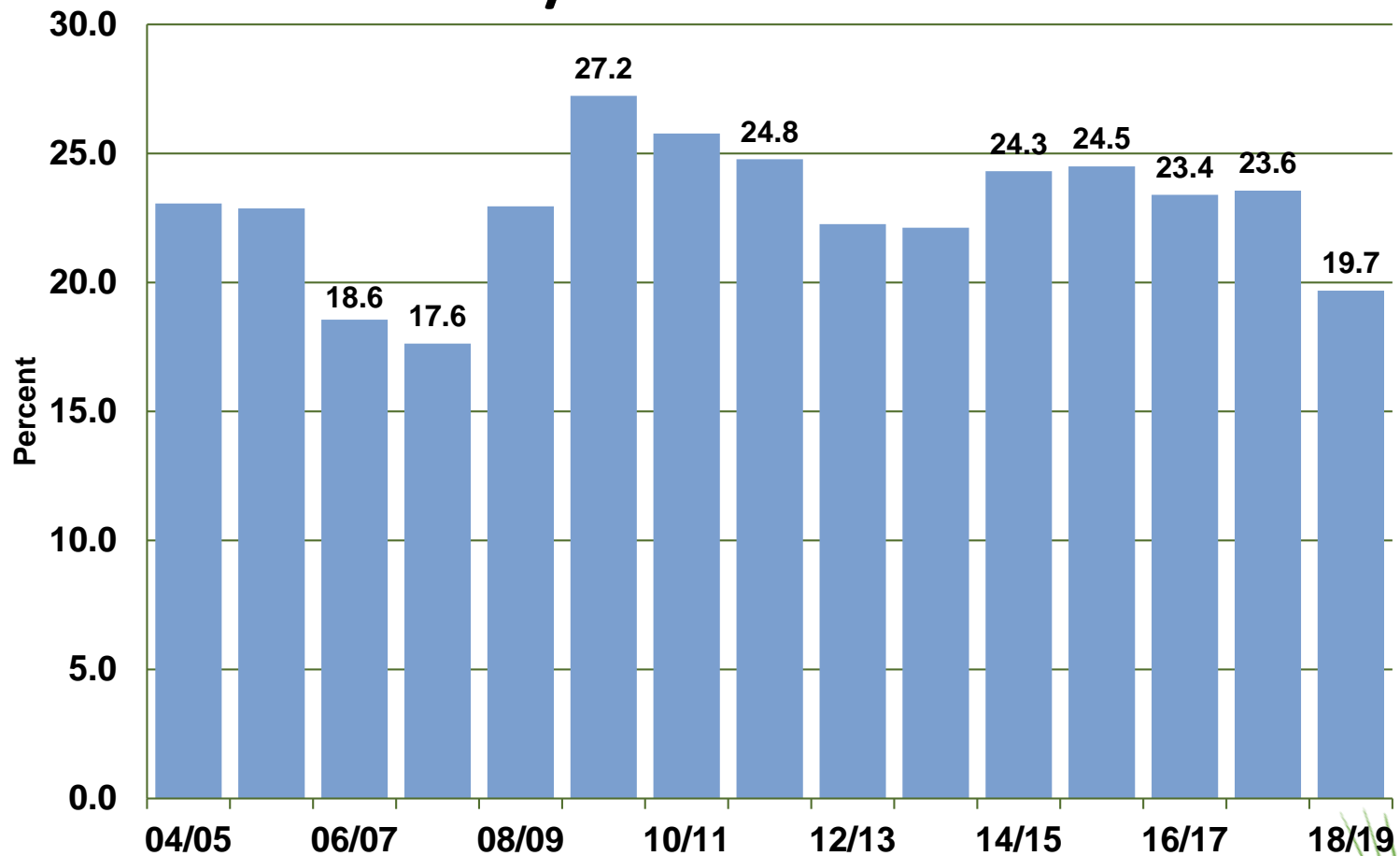
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



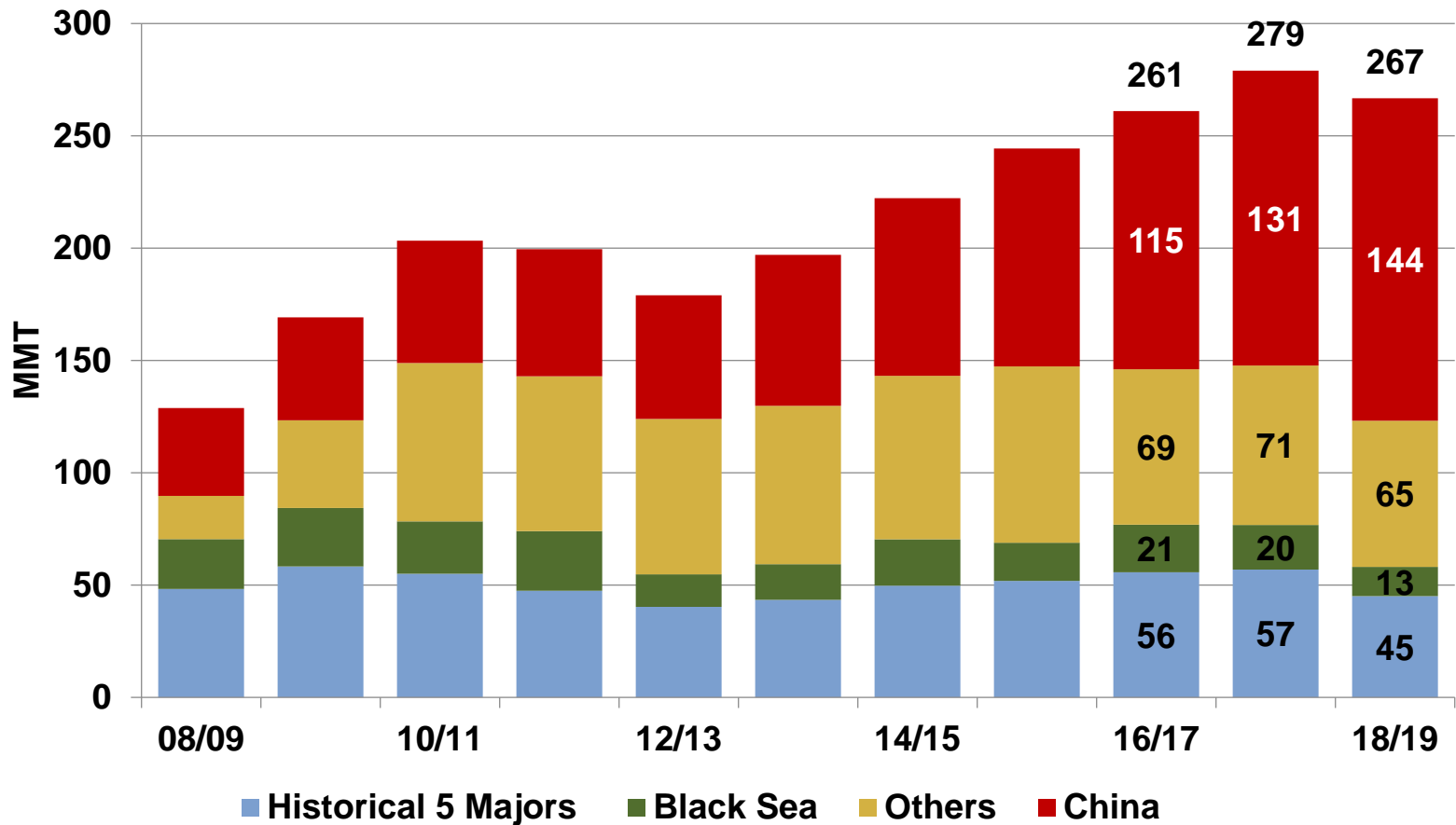
**Ending stocks*

Global Stocks*-to-Use Ratio w/o China



*Ending stocks

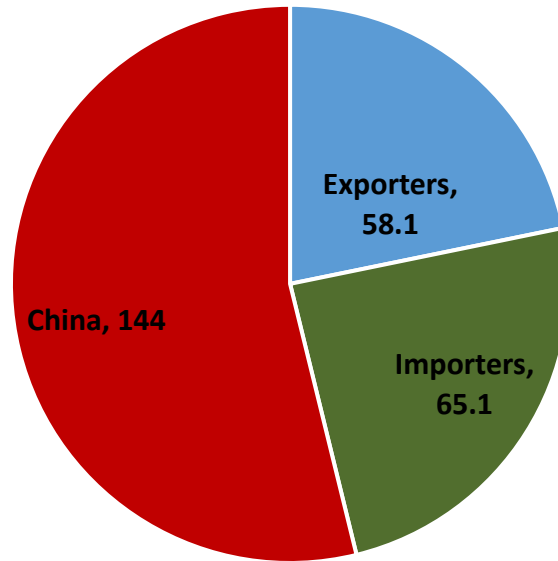
World Ending Stocks



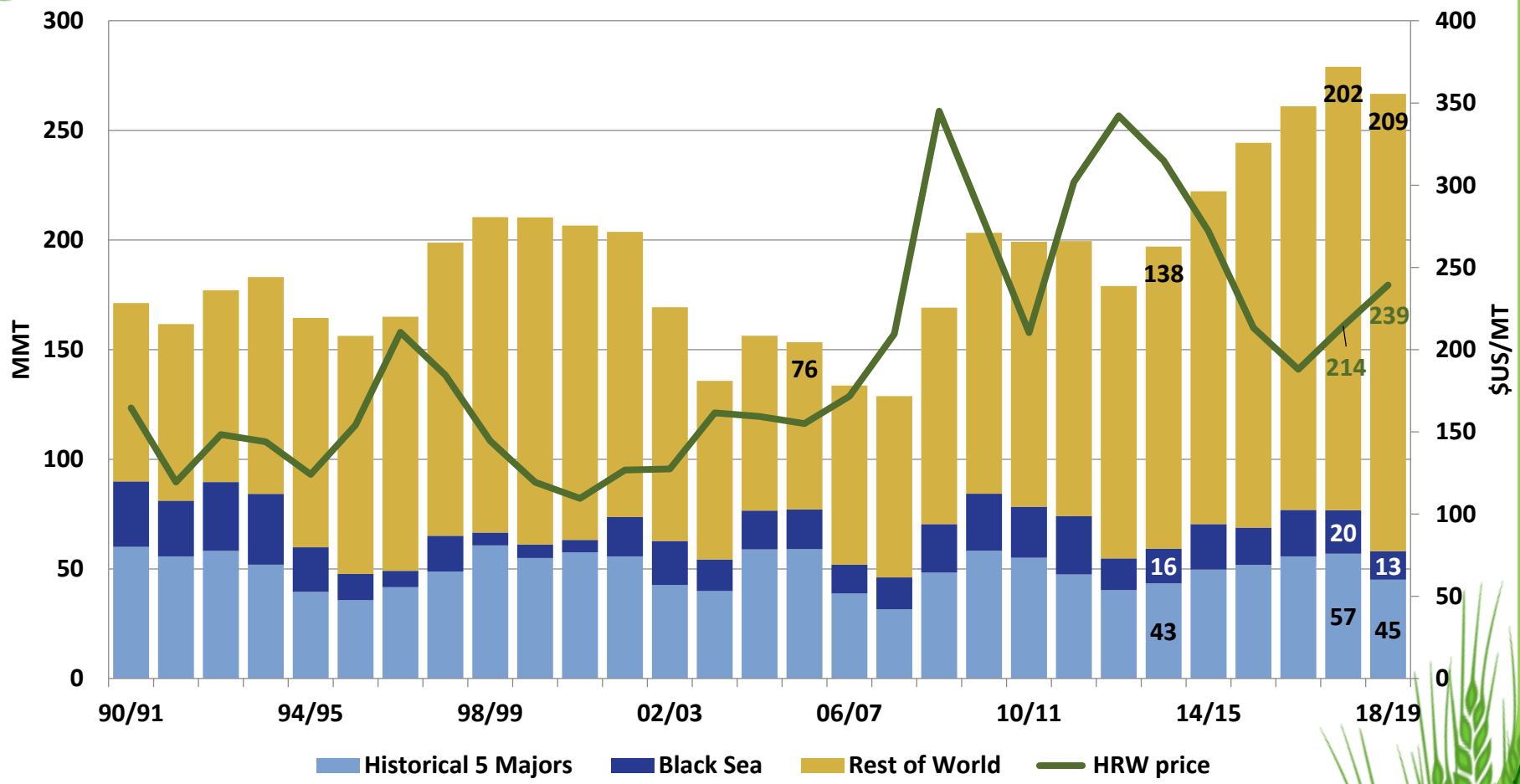
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

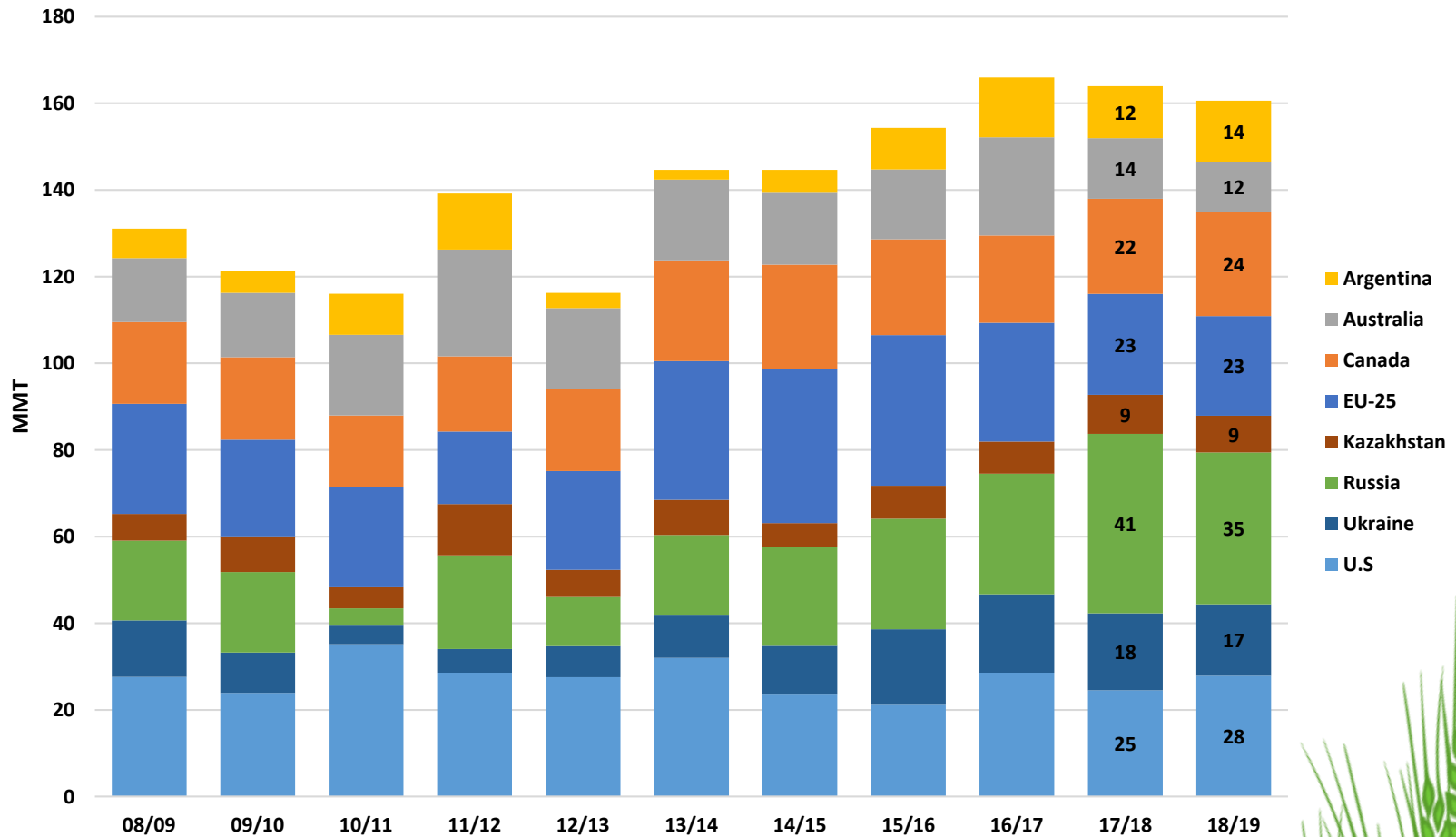


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

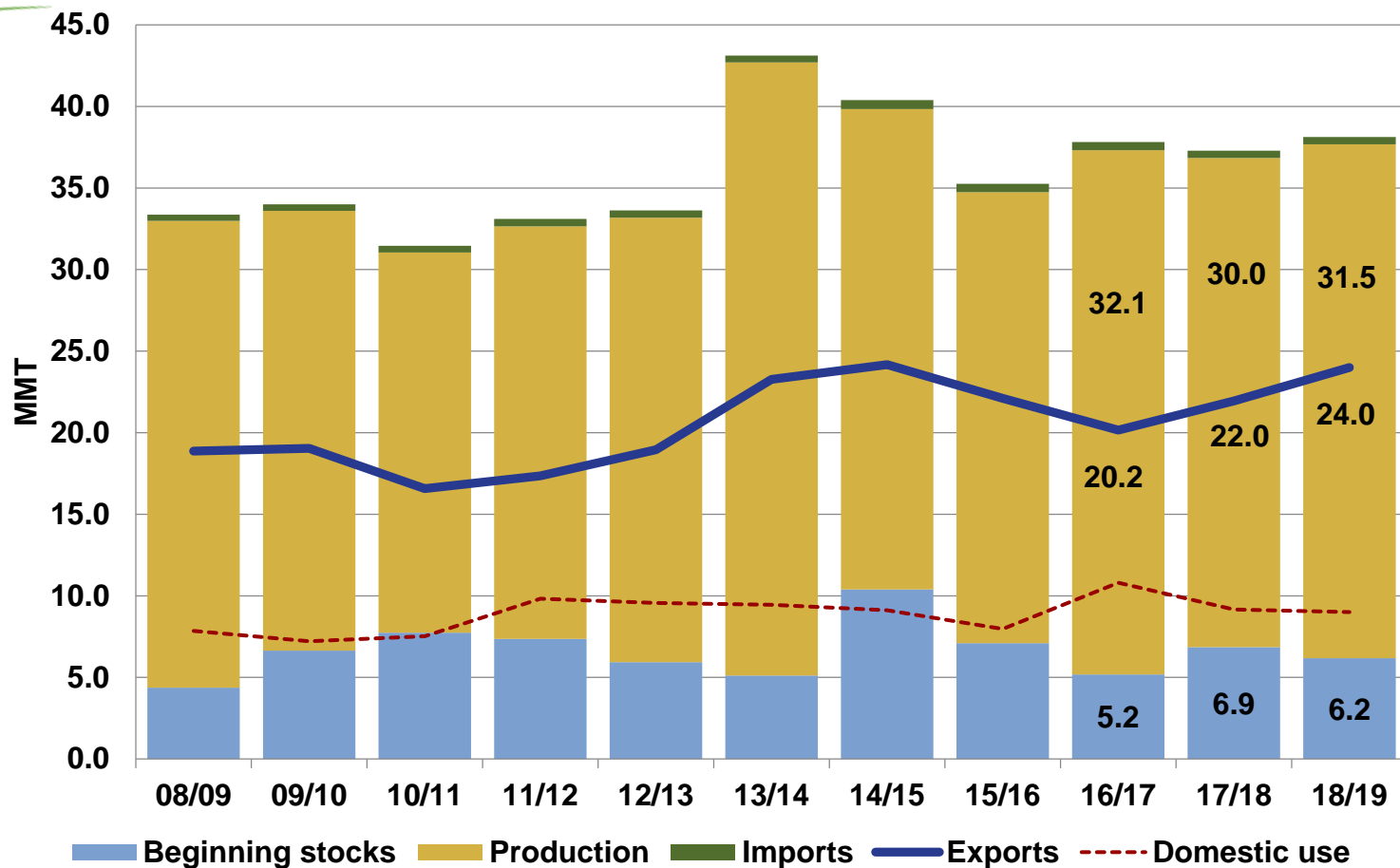


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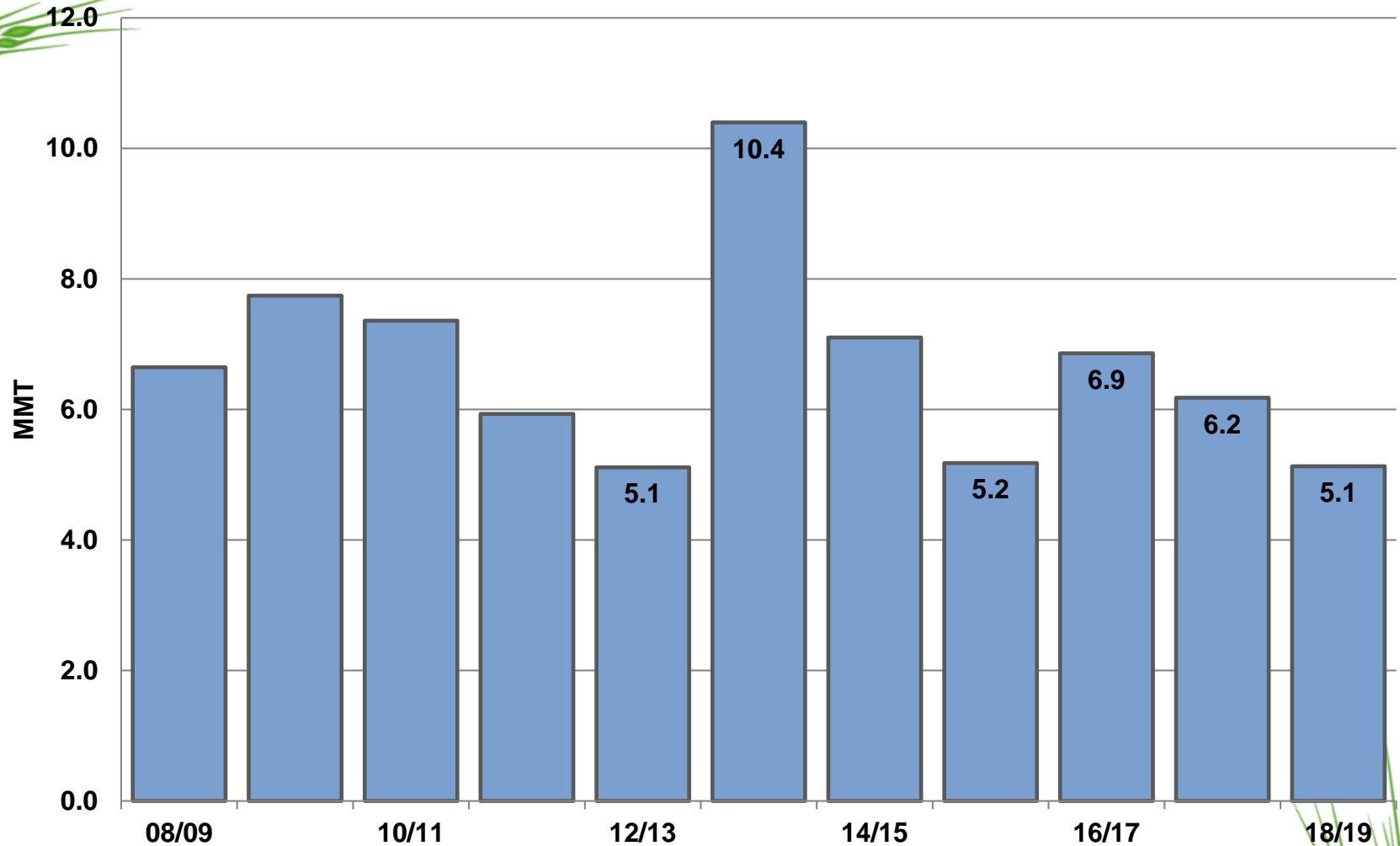
Exportable Supplies in Top Exporting Countries



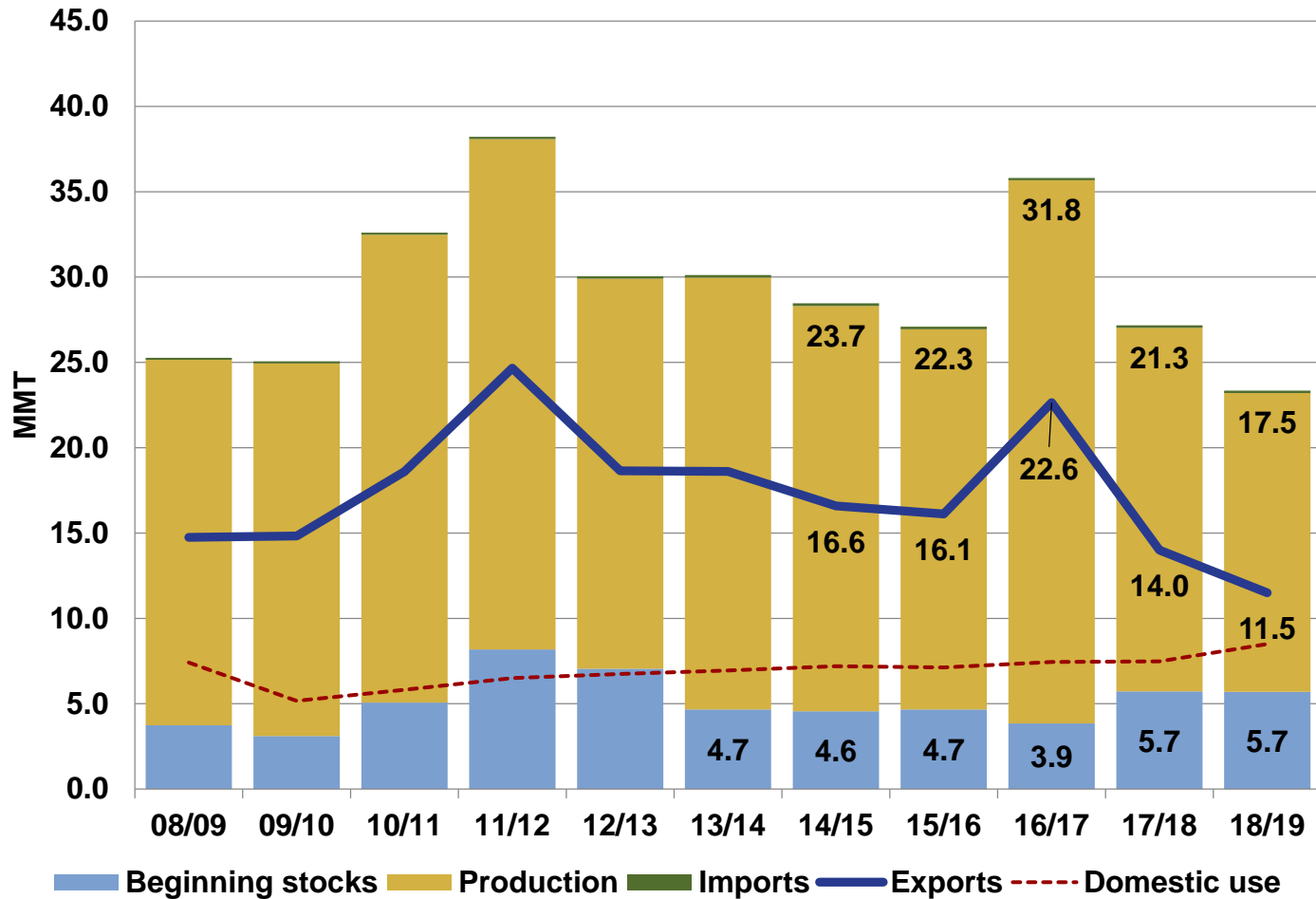
Canada Situation



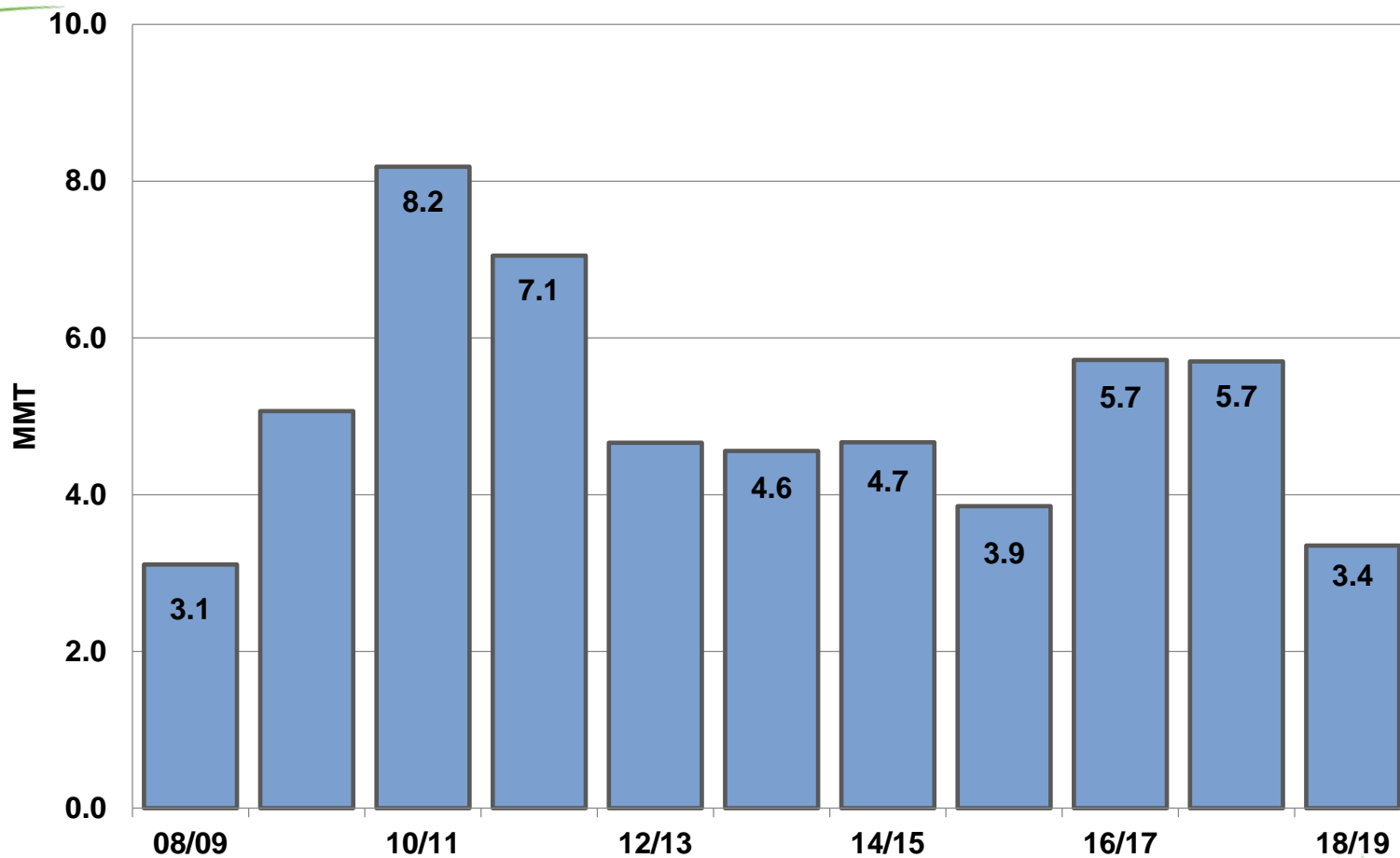
Canada Ending Stocks



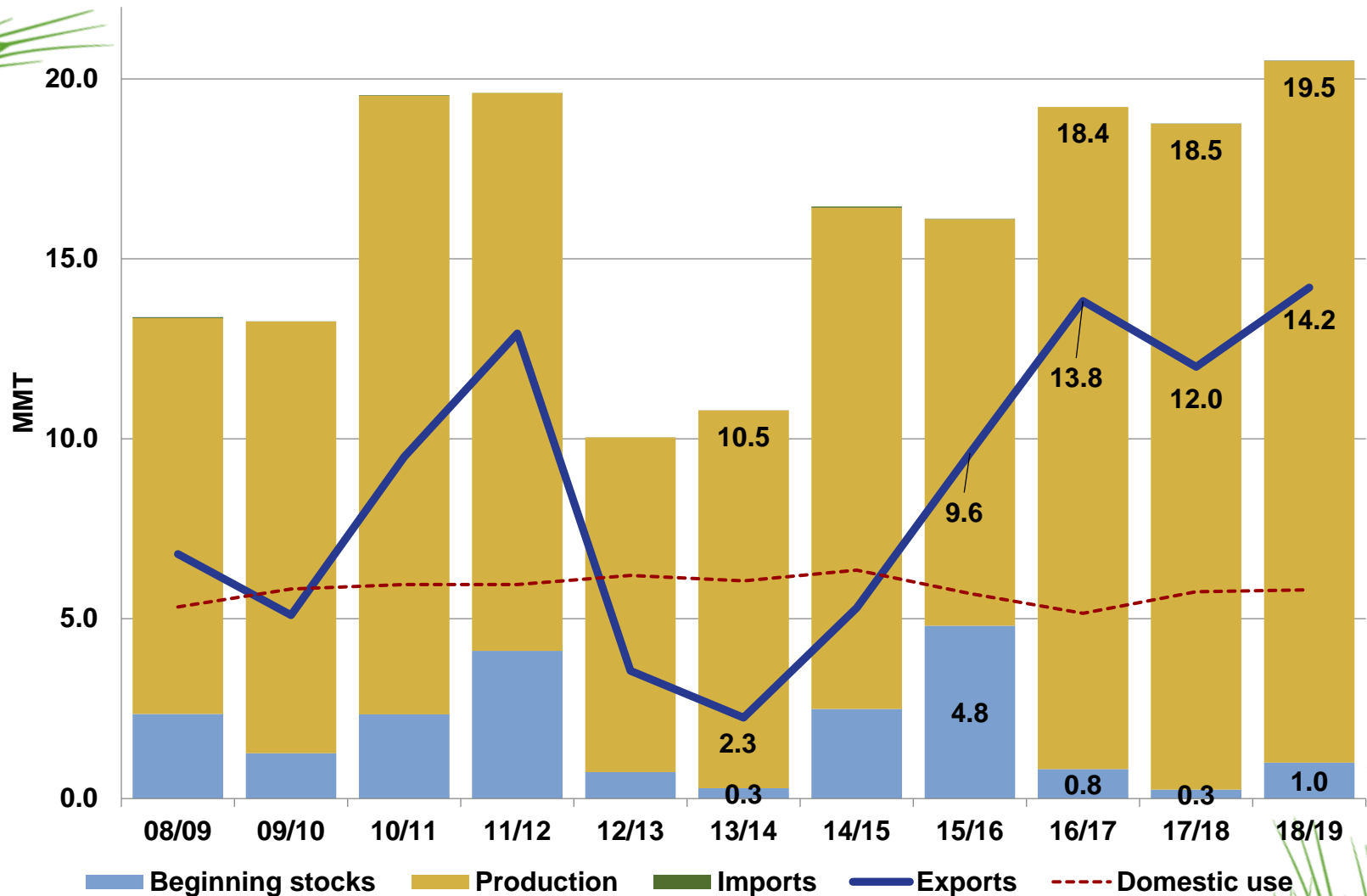
Australia Situation



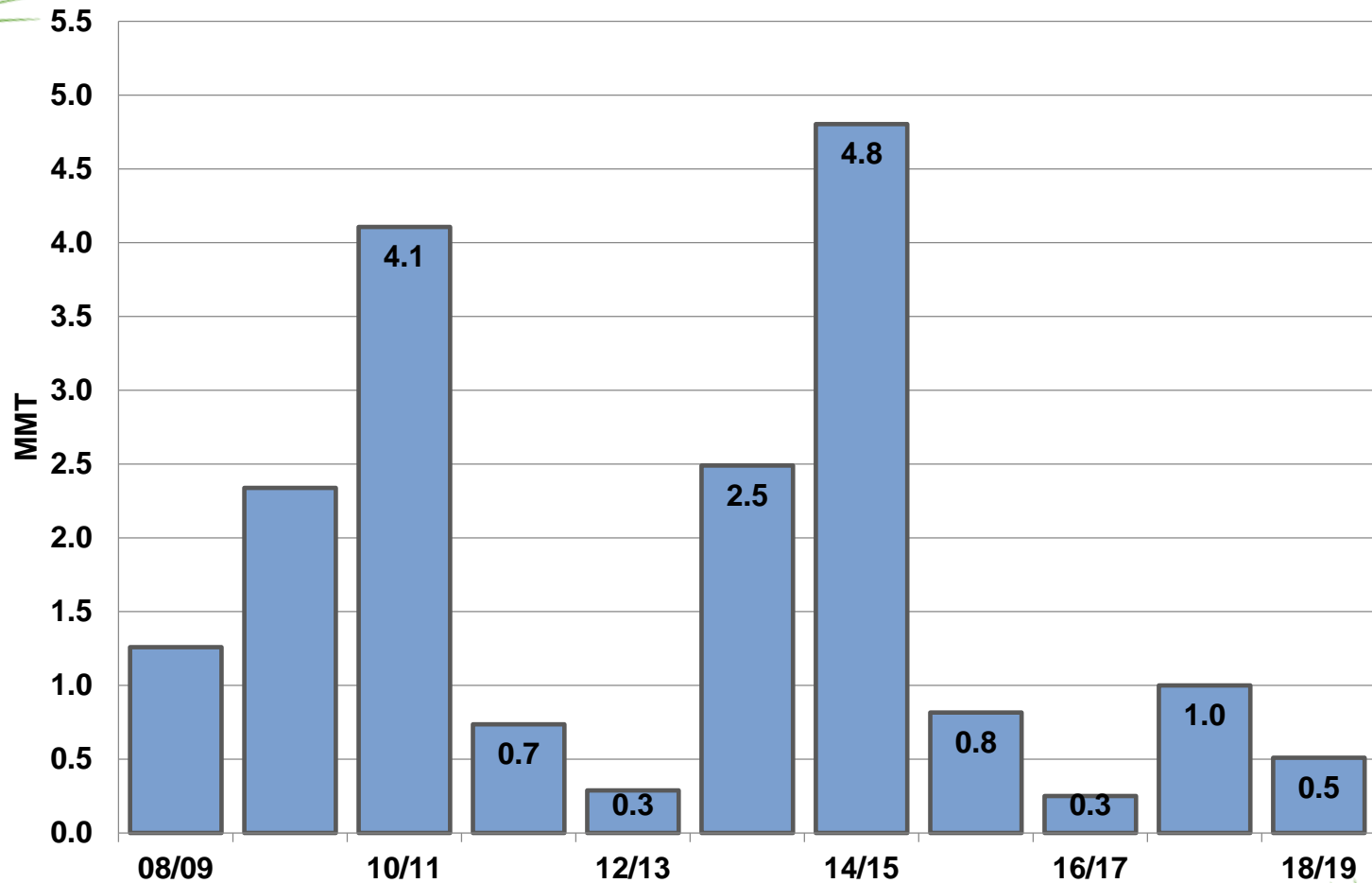
Australia Ending Stocks



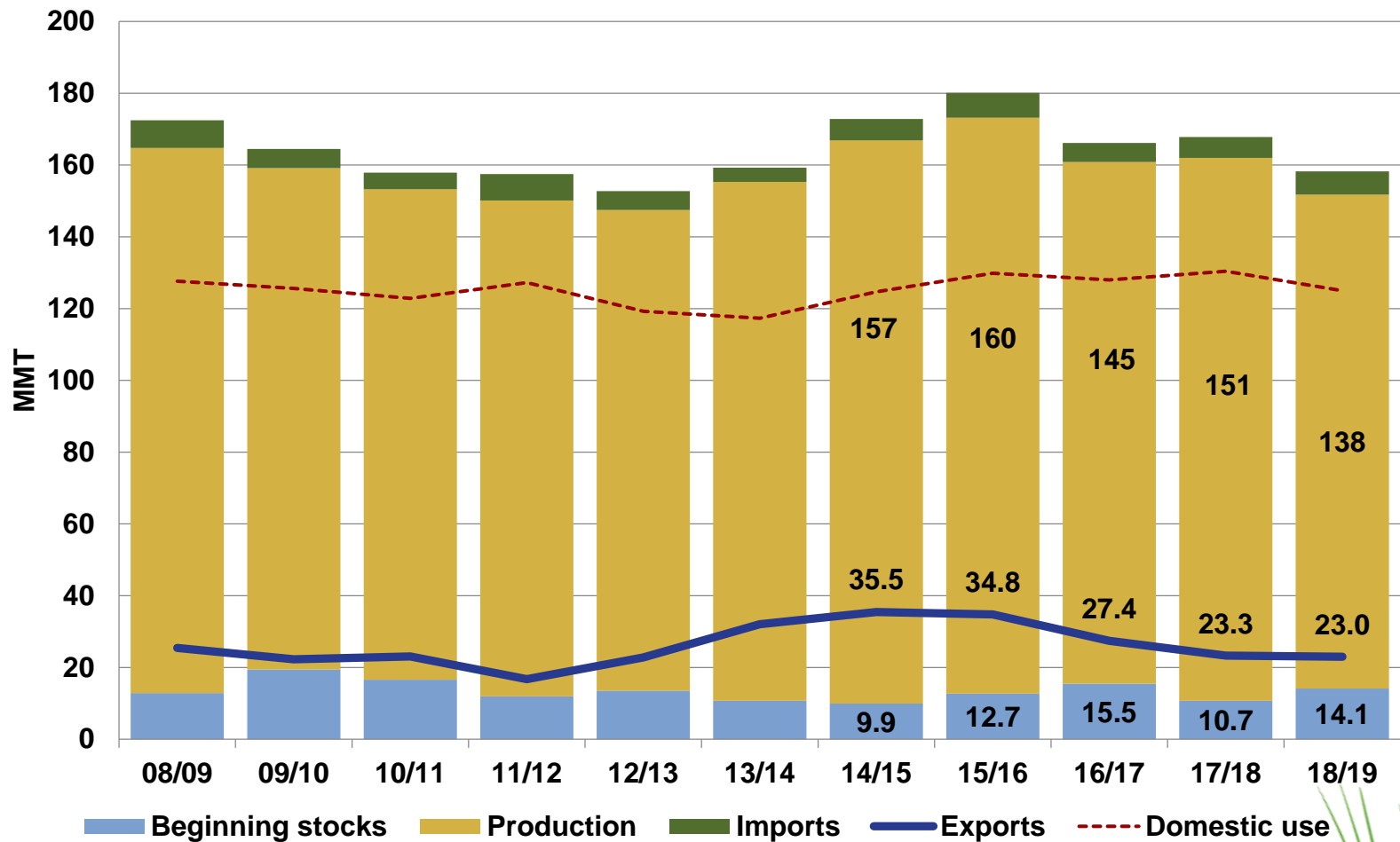
Argentina Situation



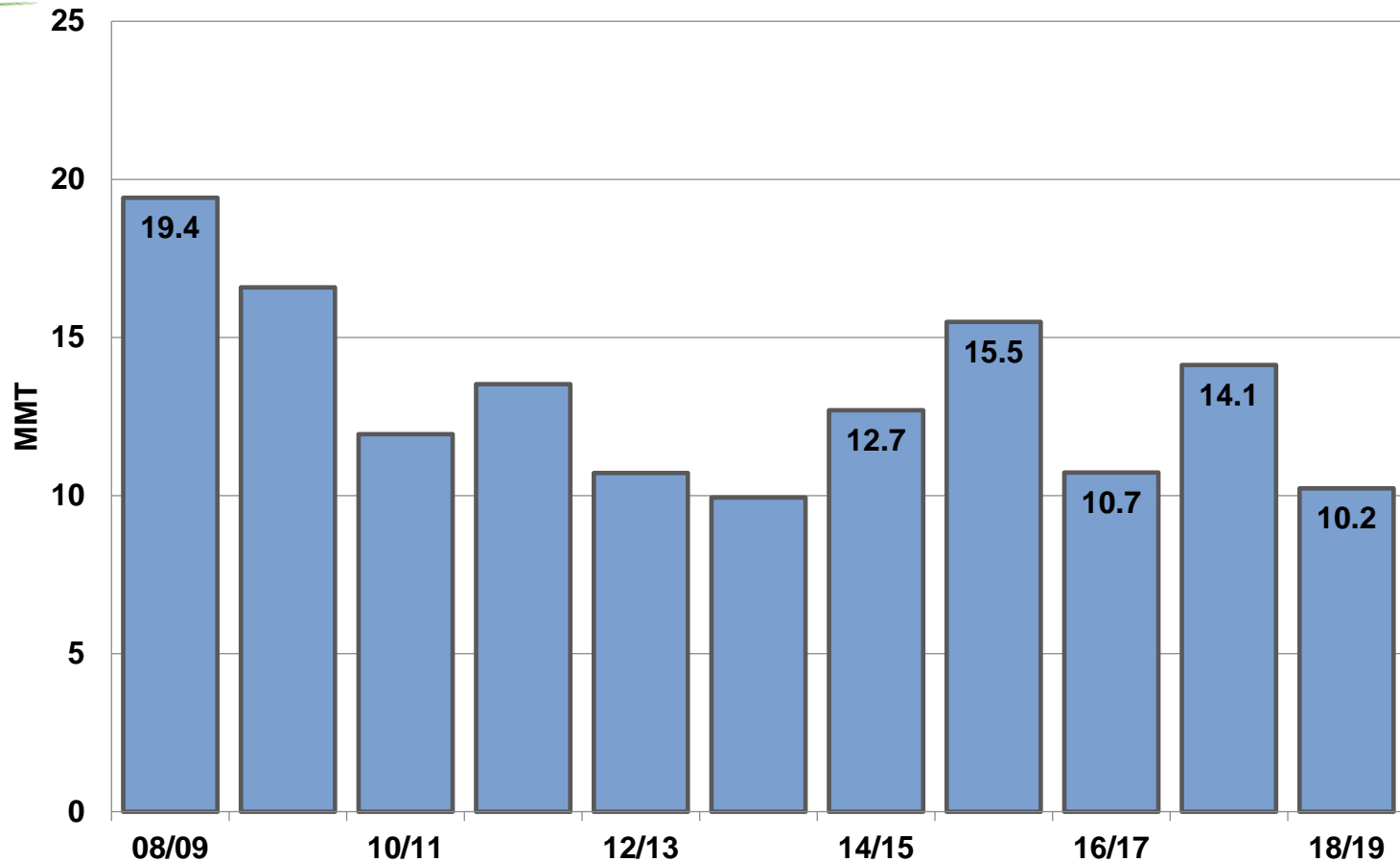
Argentina Ending Stocks



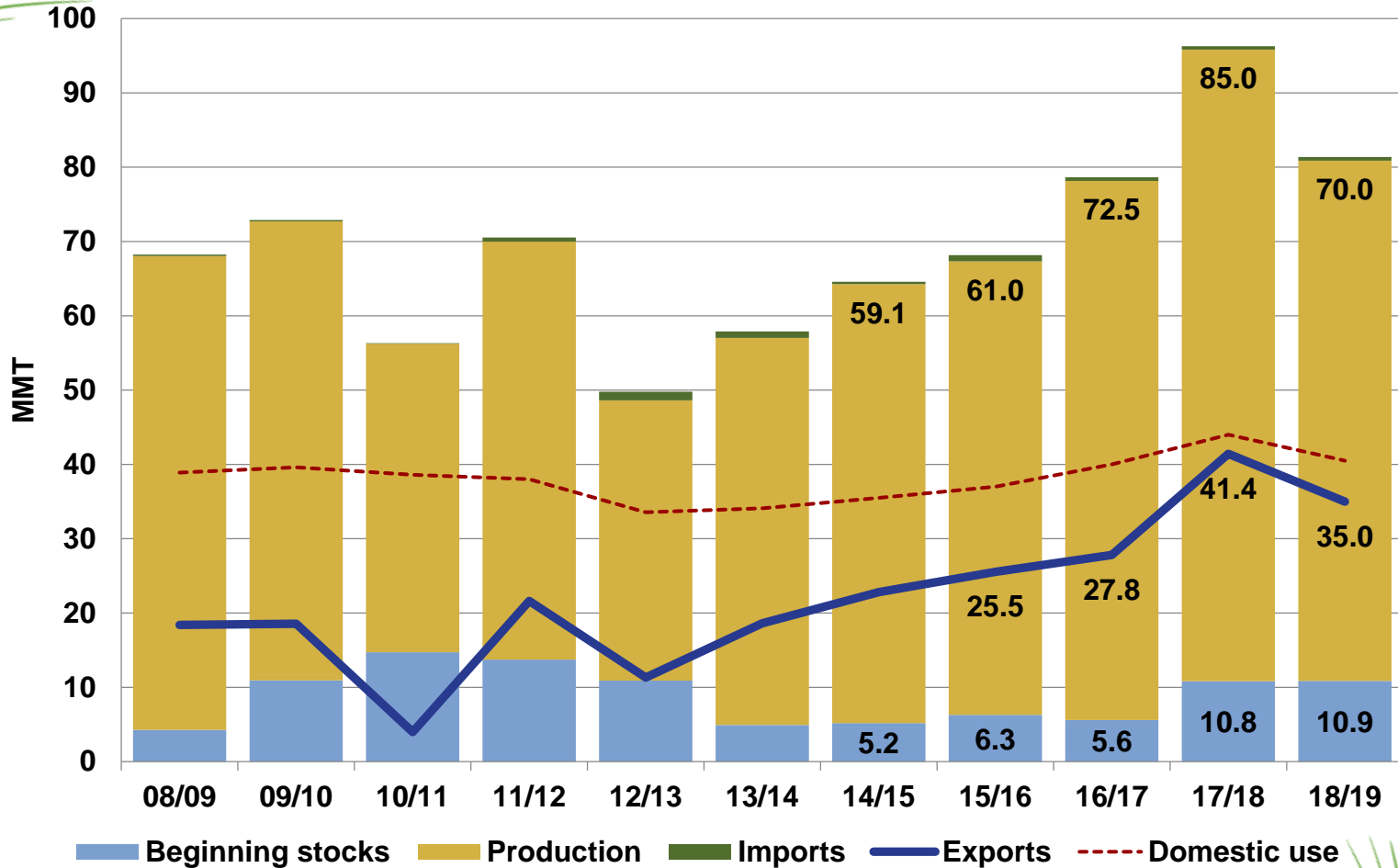
European Union Situation



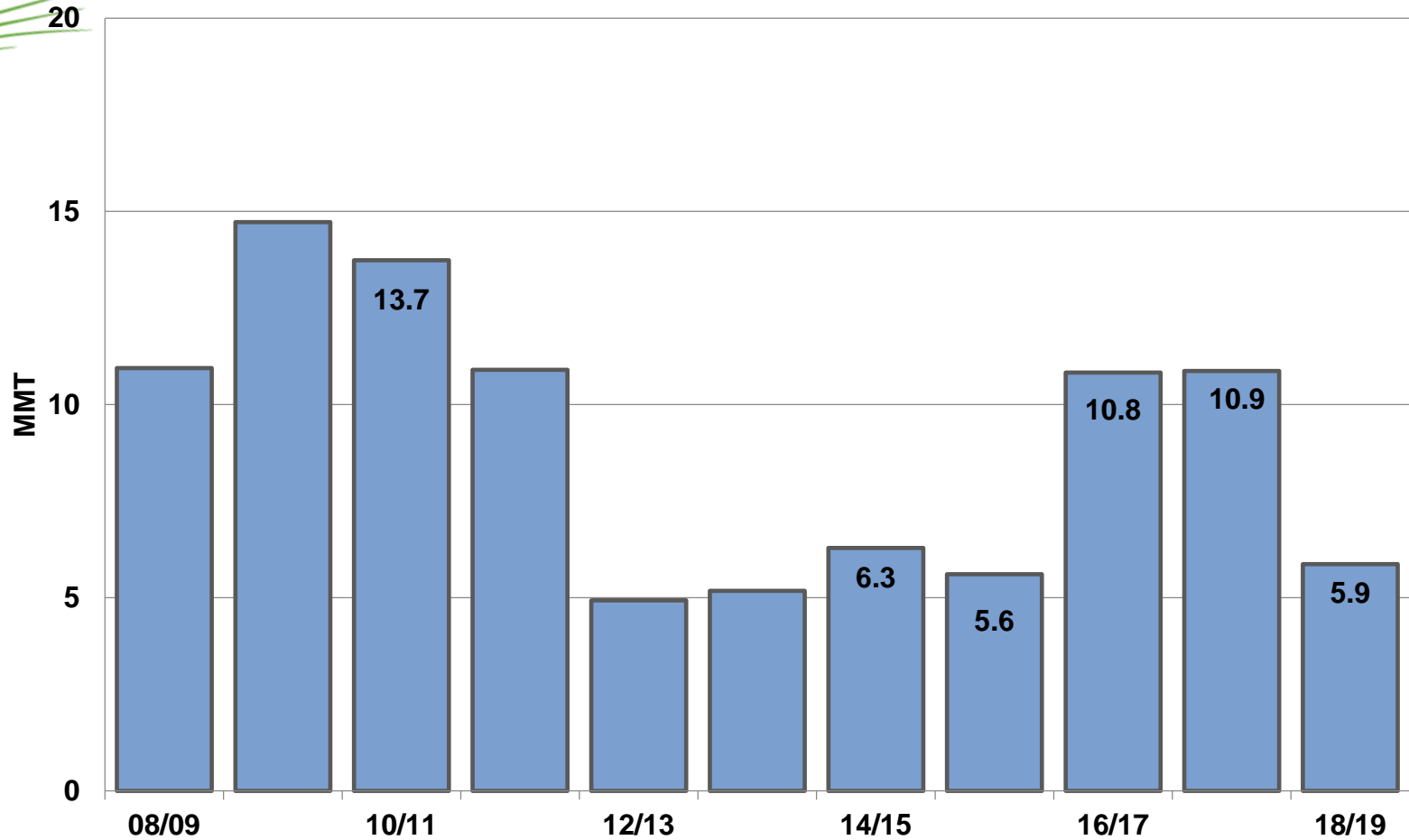
EU-27 Ending Stocks



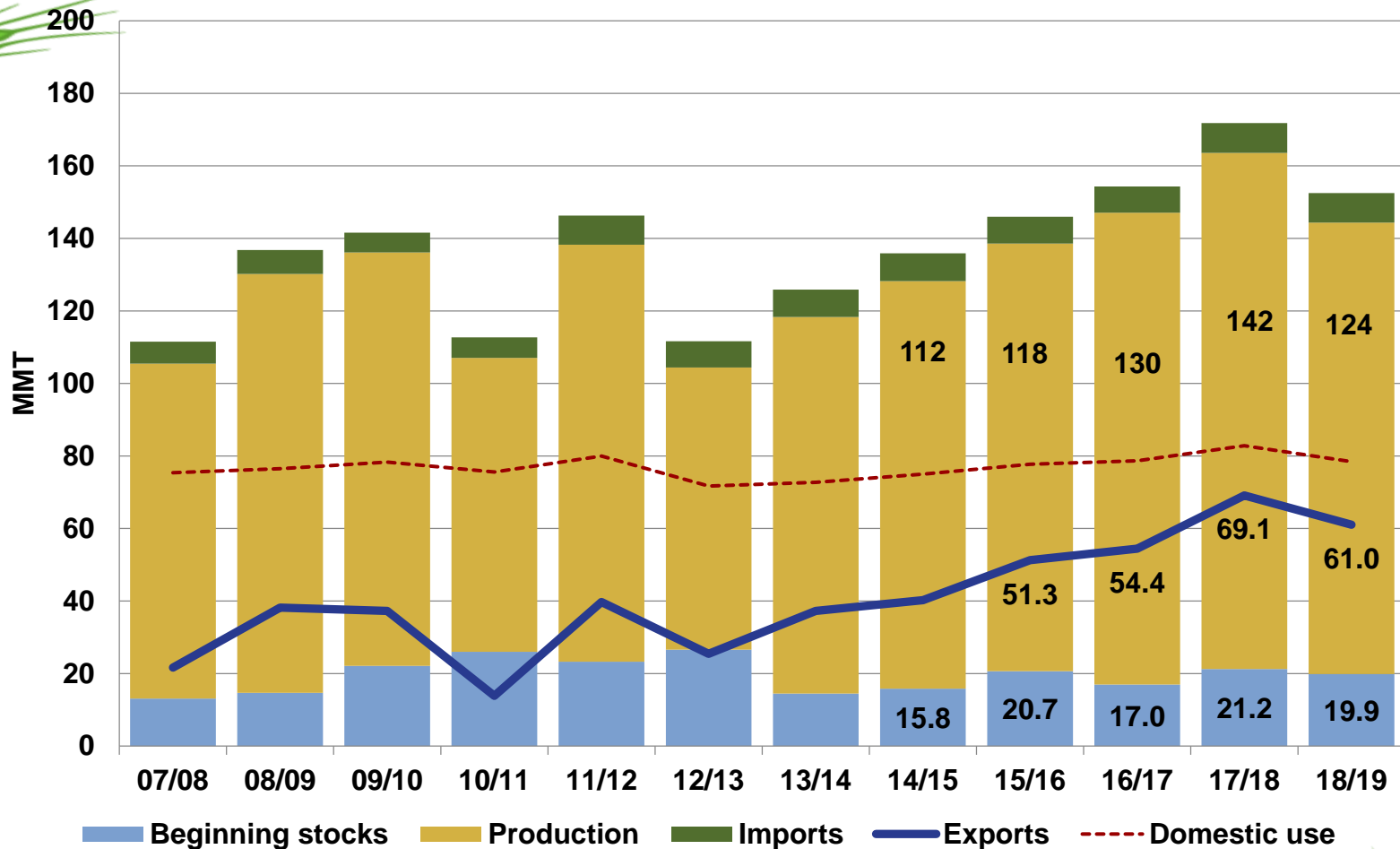
Russia Situation



Russia Ending Stocks

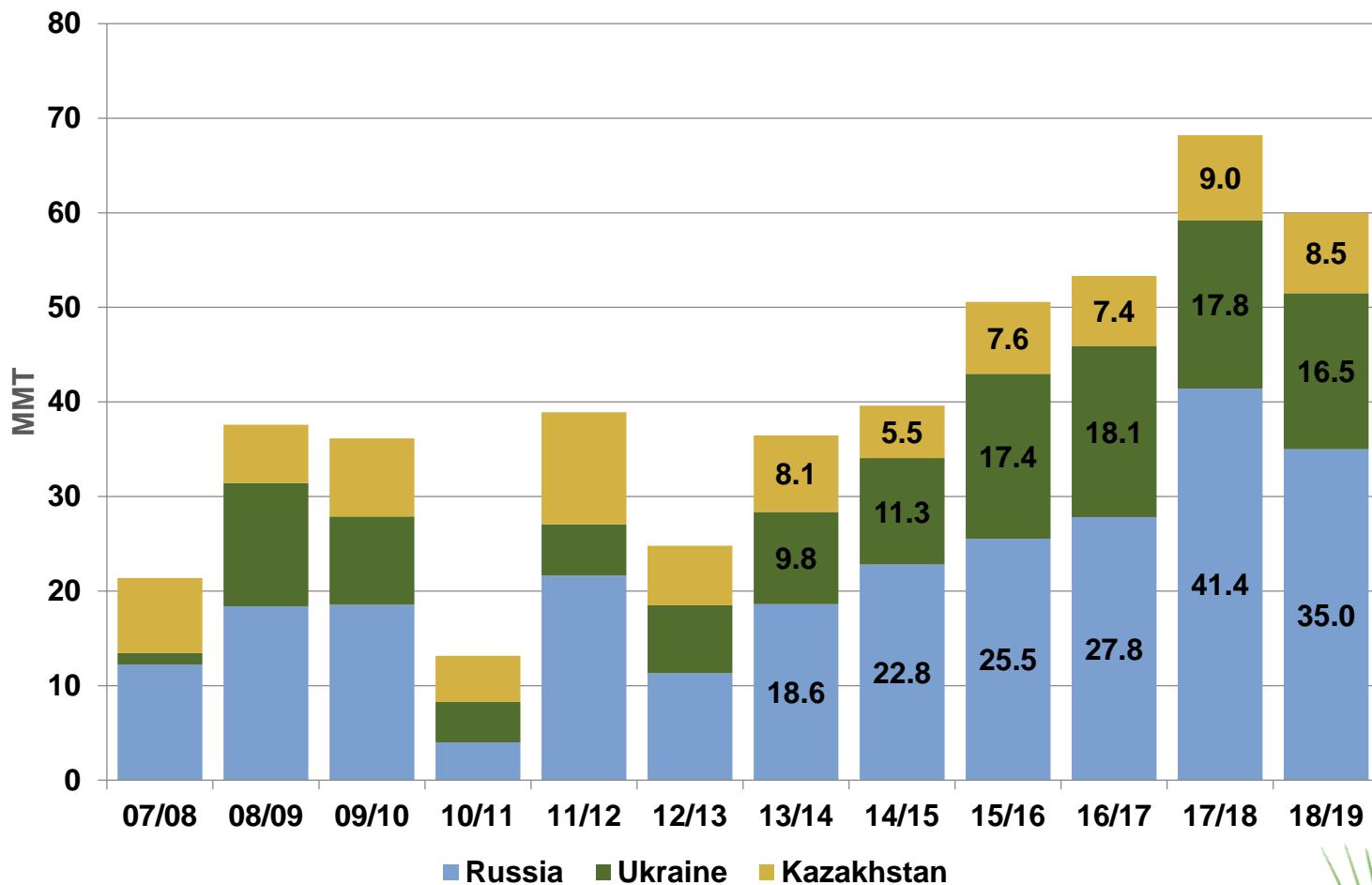


Black Sea Region Situation

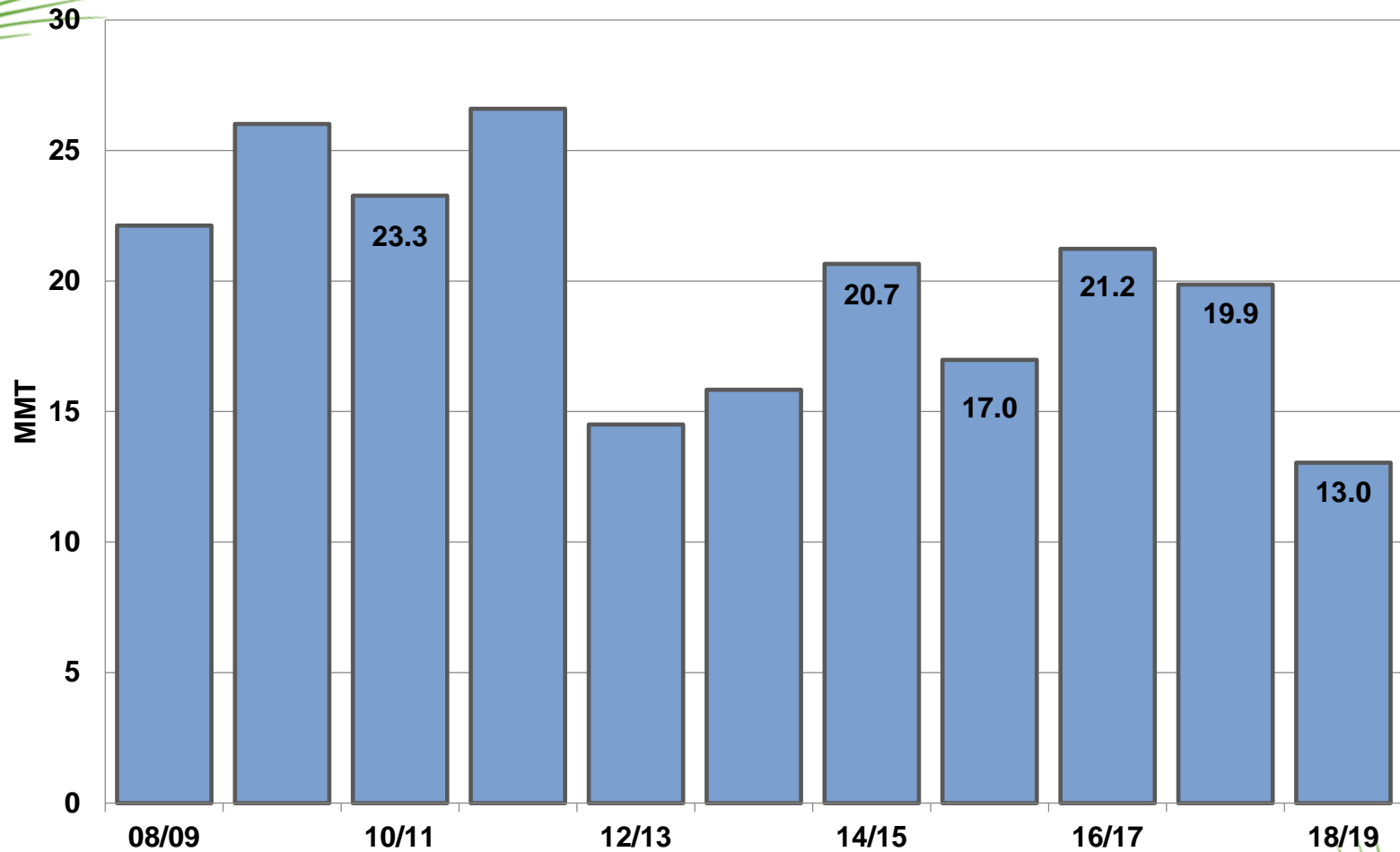


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

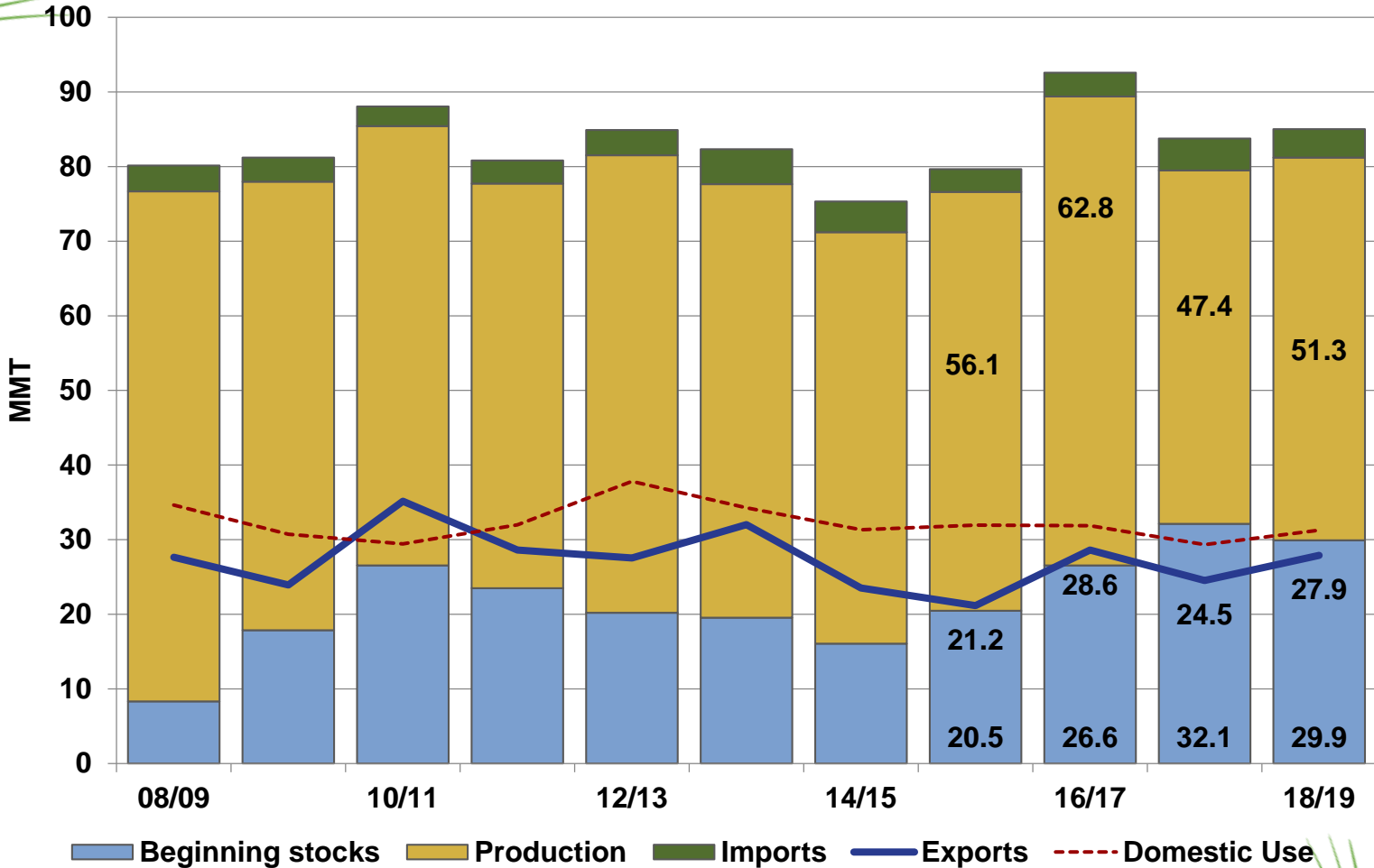
Black Sea Exports



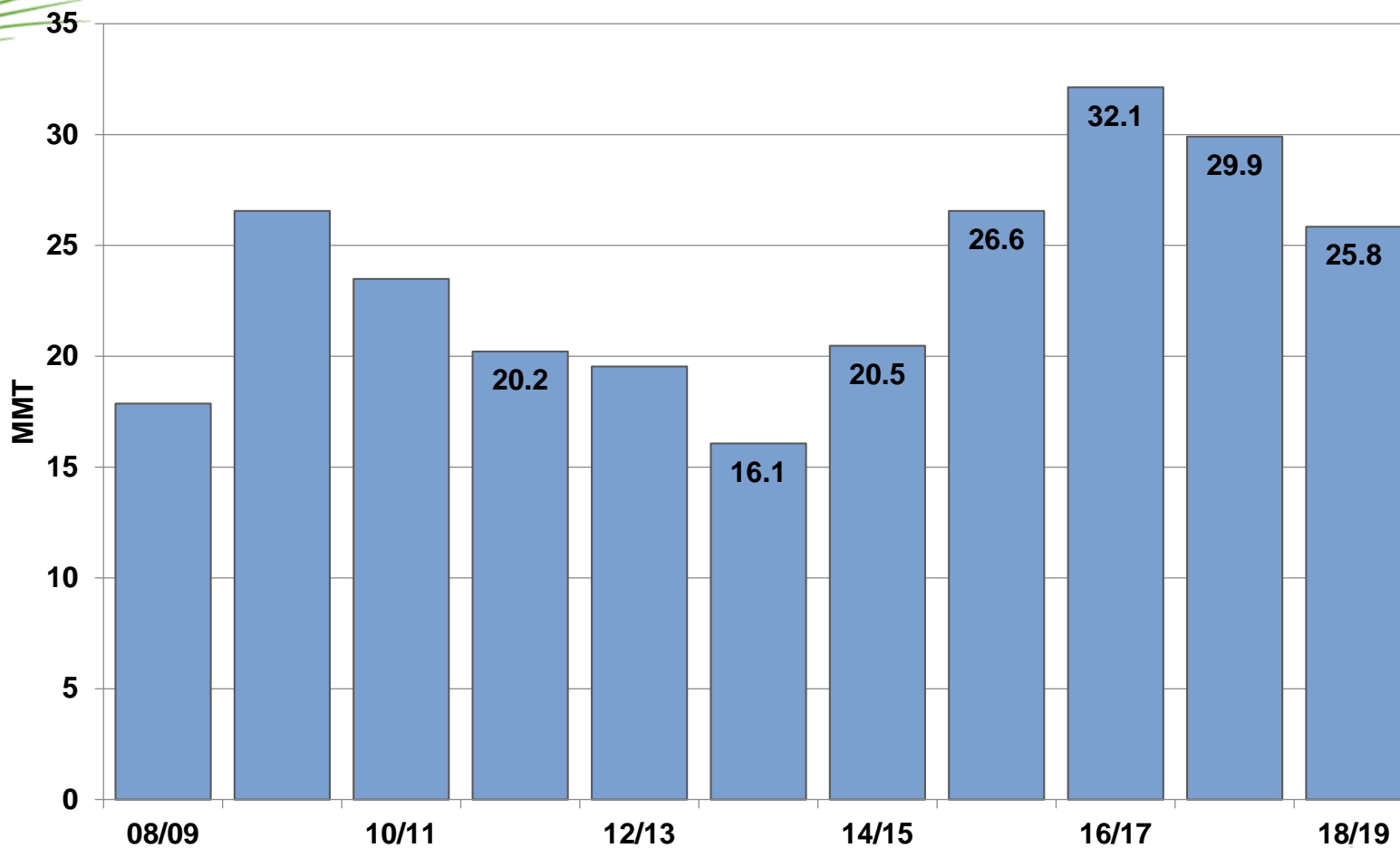
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



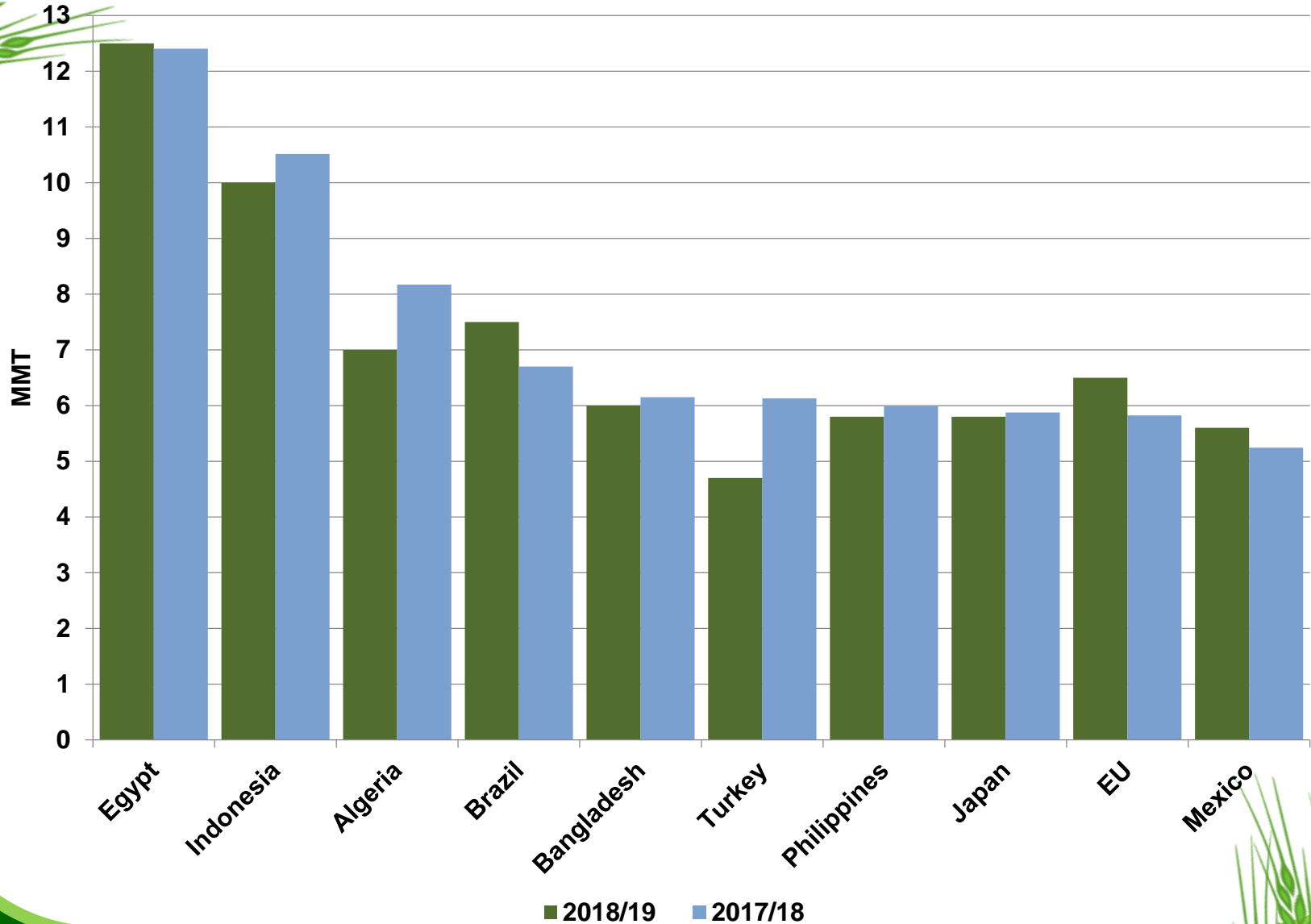
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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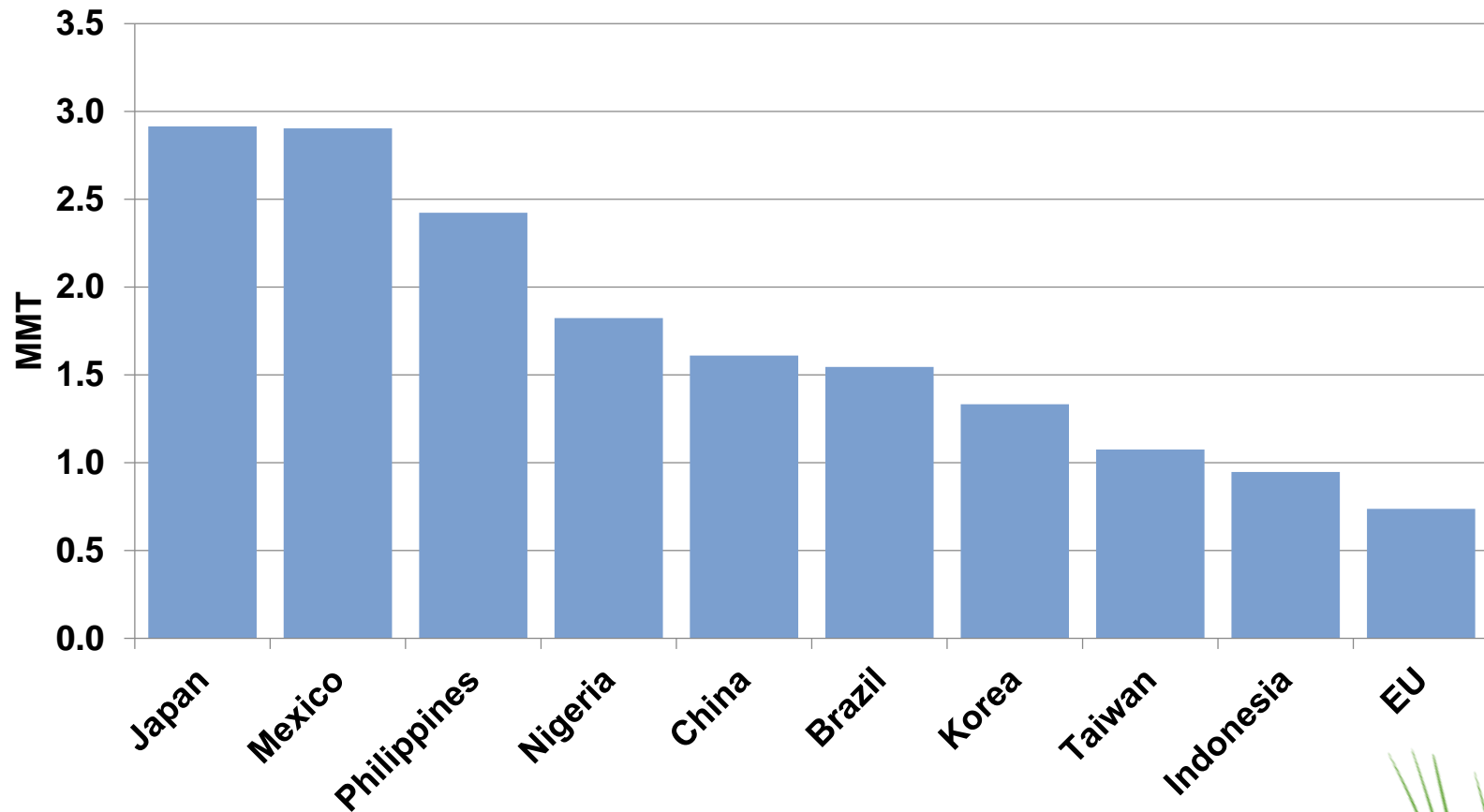
Major World Wheat Importers

(from all origins)



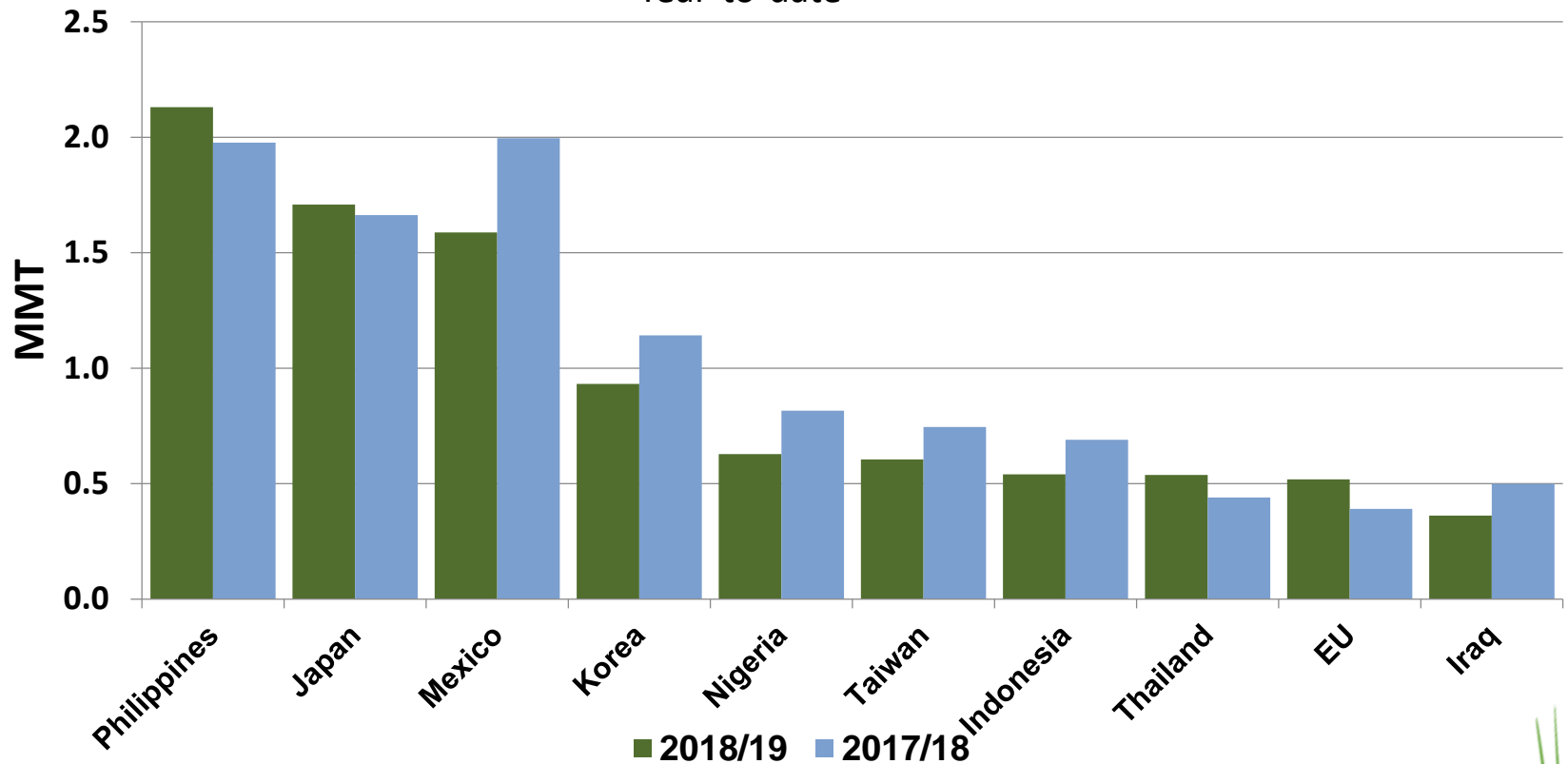
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

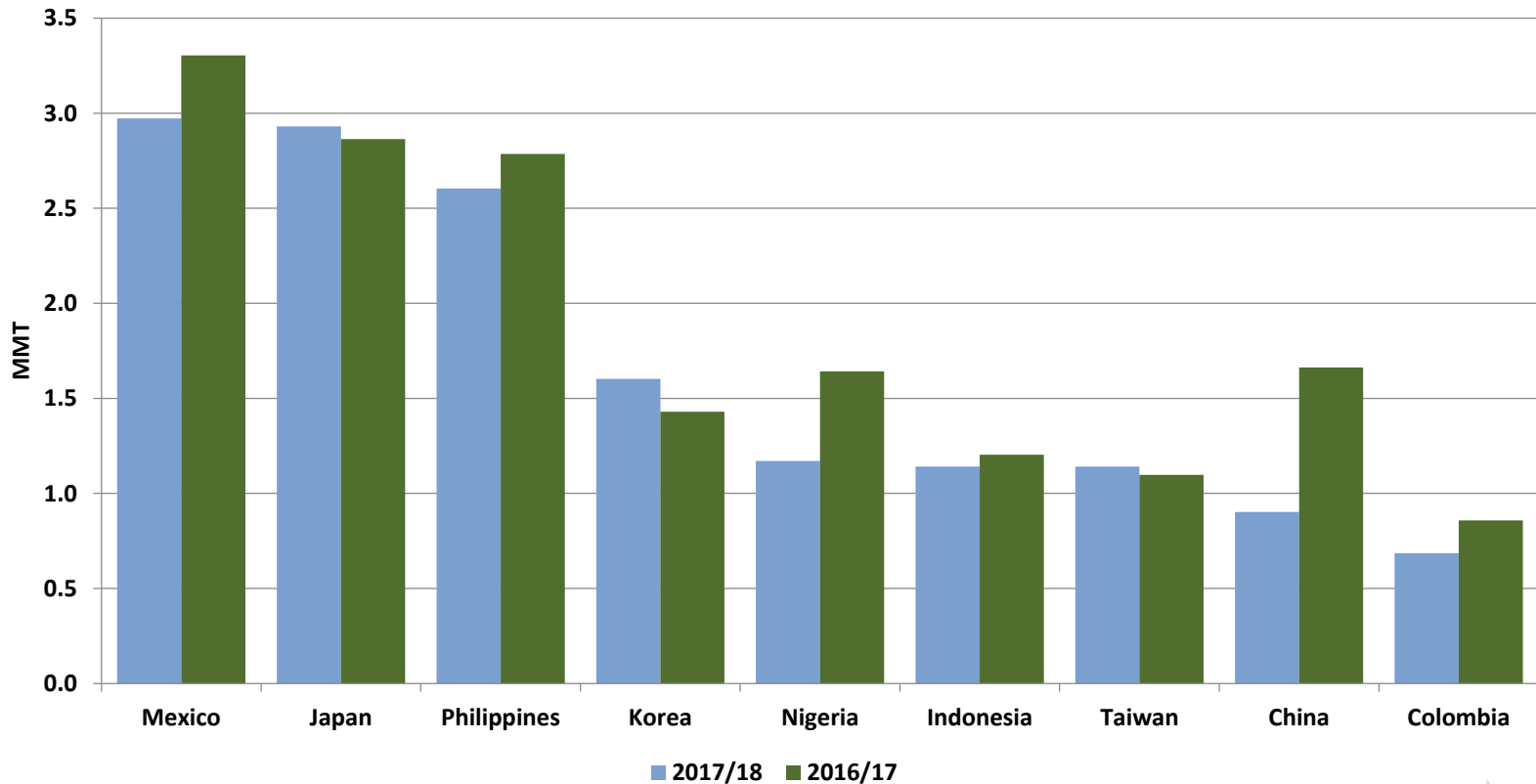
Year-to-date



Source: USDA FAS export sales report November 8, 2018.

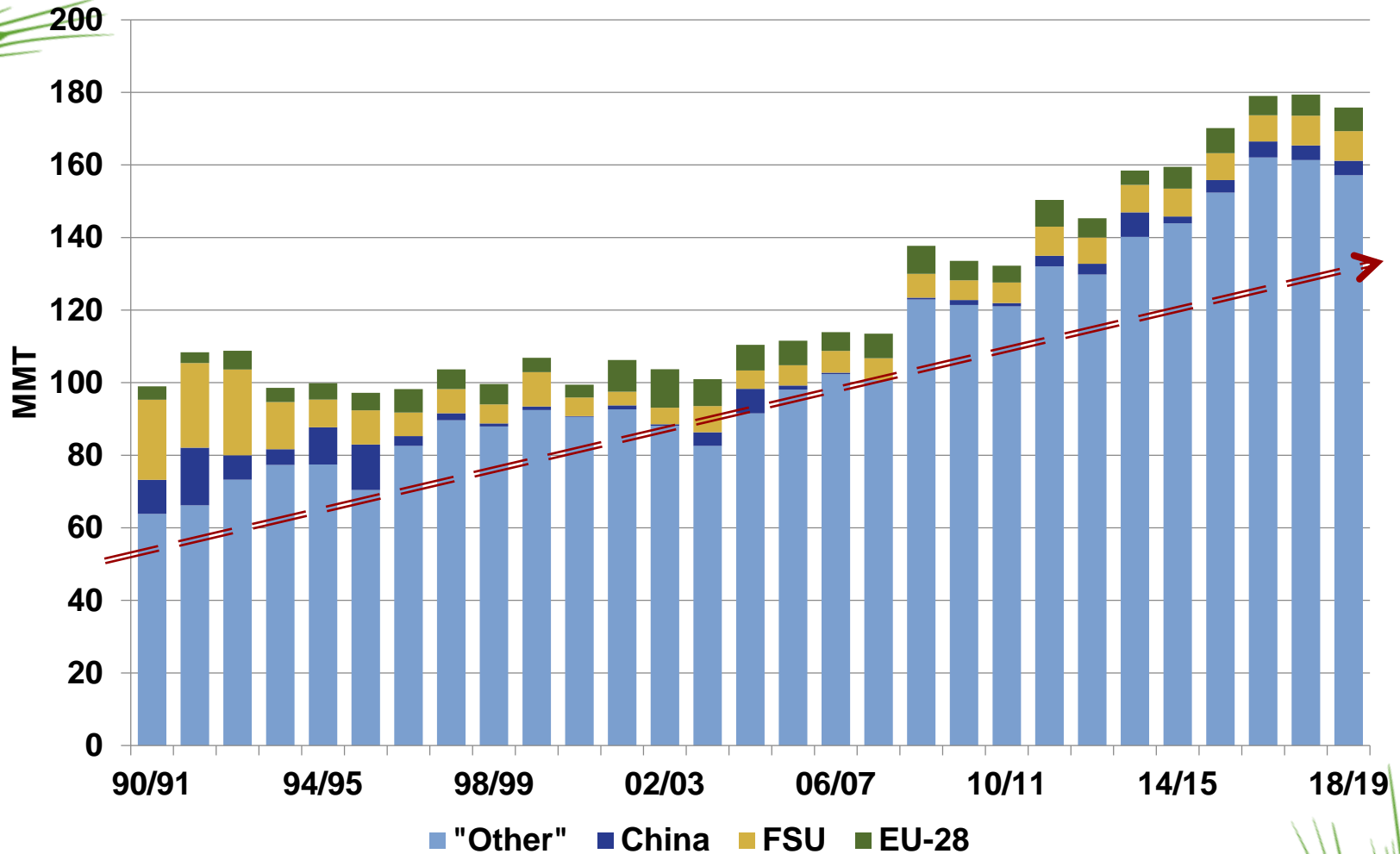
Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



Source: USDA FAS 2017/18 Marketing Year Final export sales report May 31, 2018.

World Wheat Imports



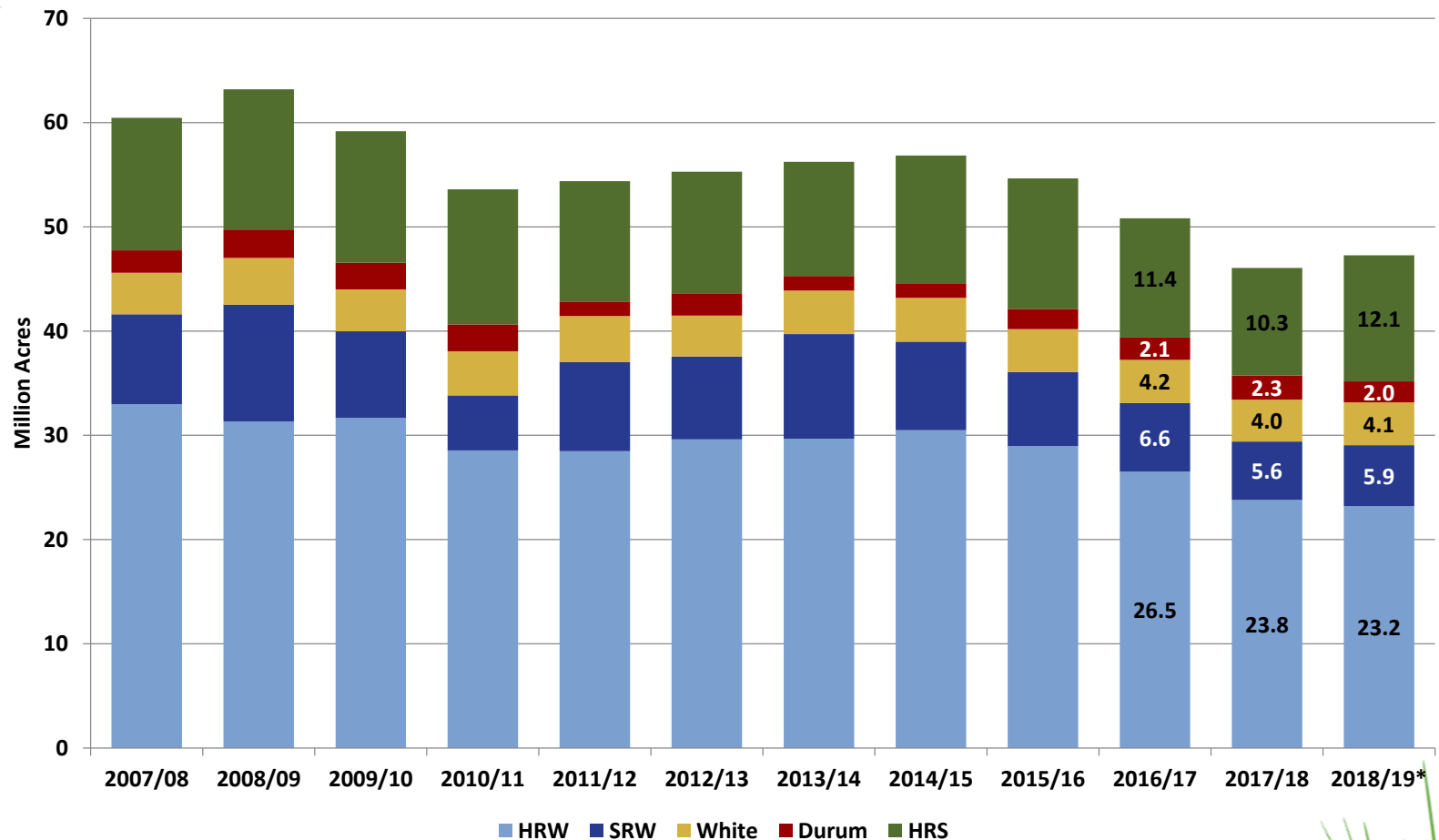
Trend in "other" importers denoted (—▶)

- Major Exporters
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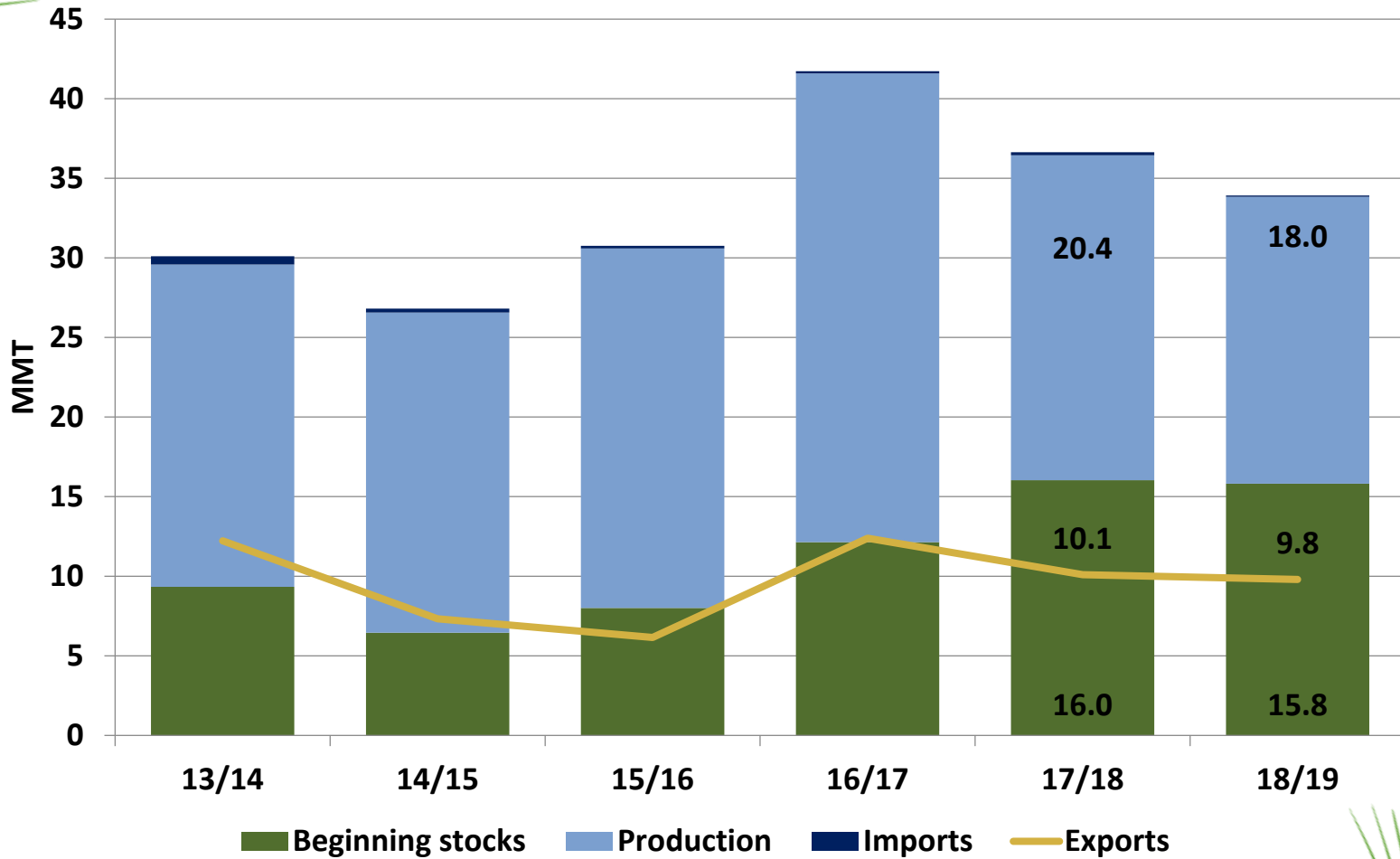
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U.S. Wheat Plantings by Class

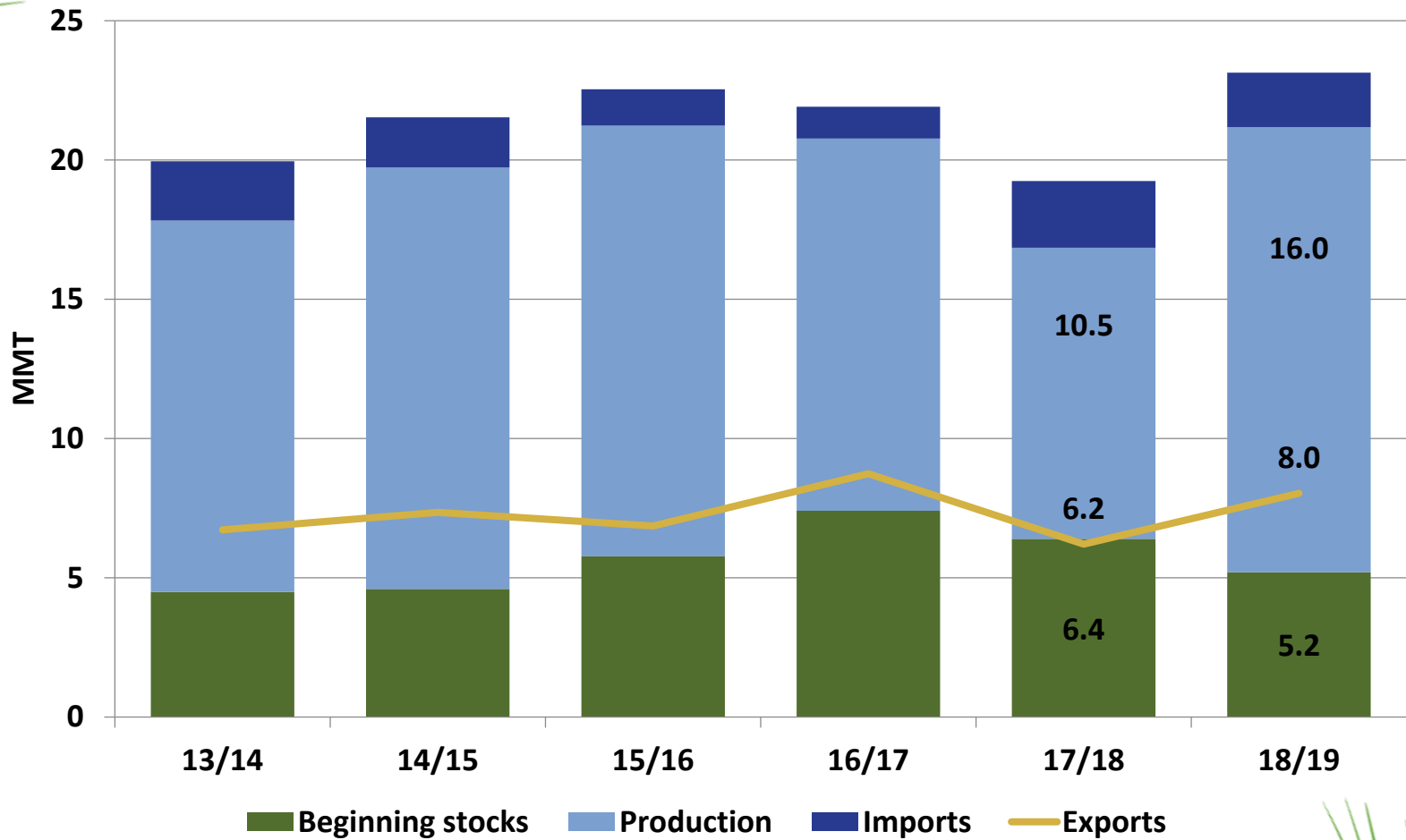


*Source: USDA Prospective Plantings Report, March 29, 2018

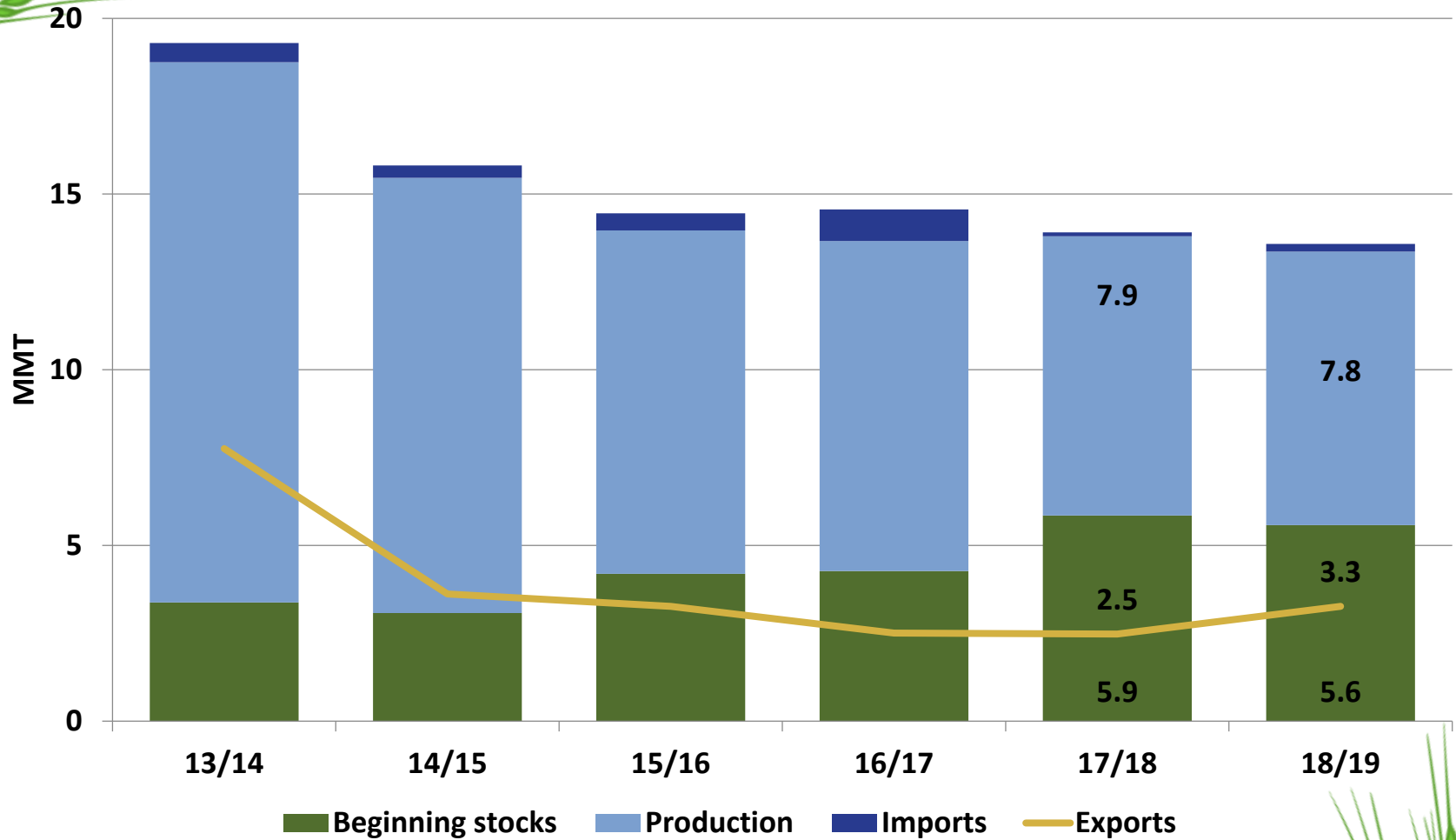
U.S. Hard Red Winter



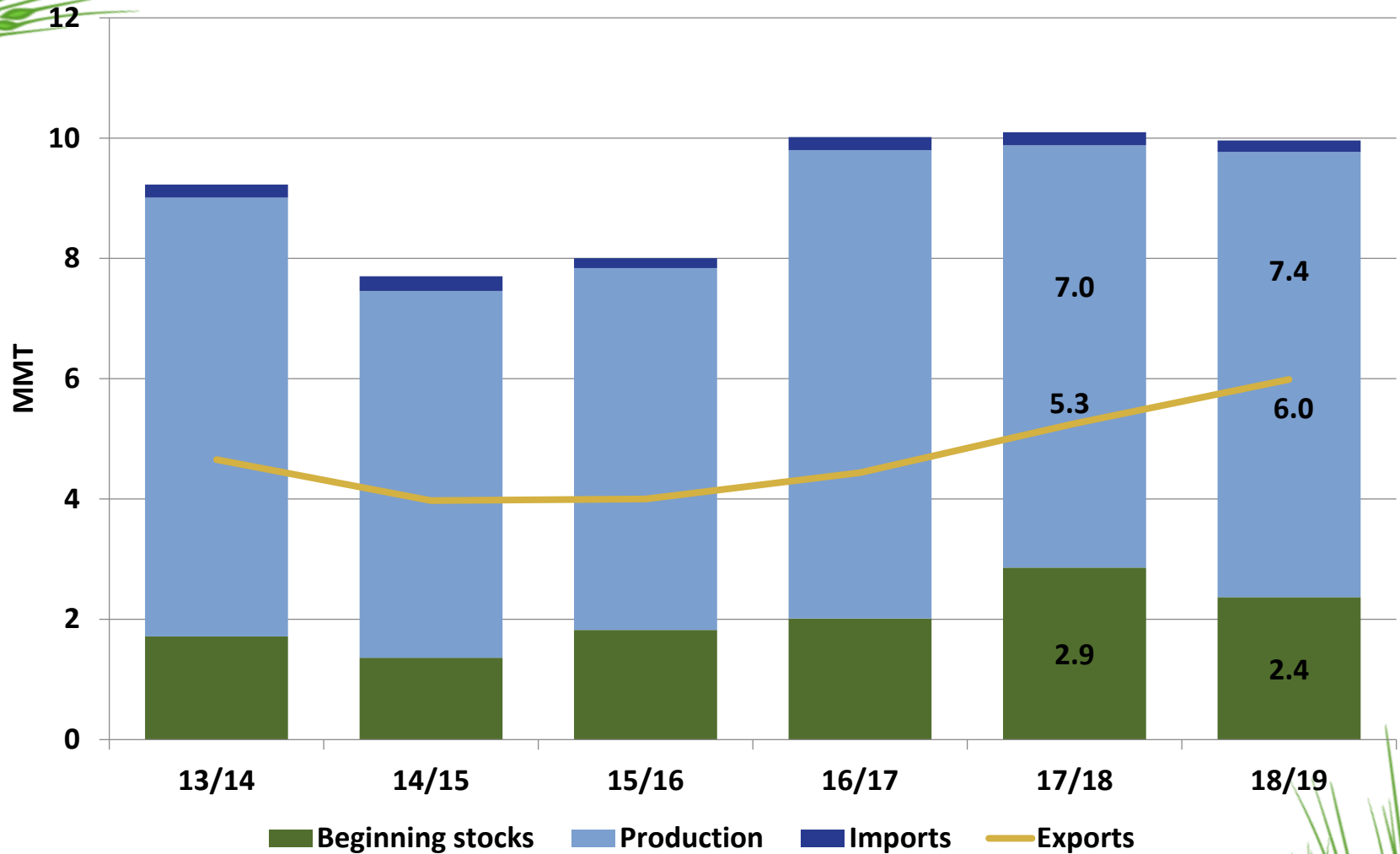
U.S. Hard Red Spring



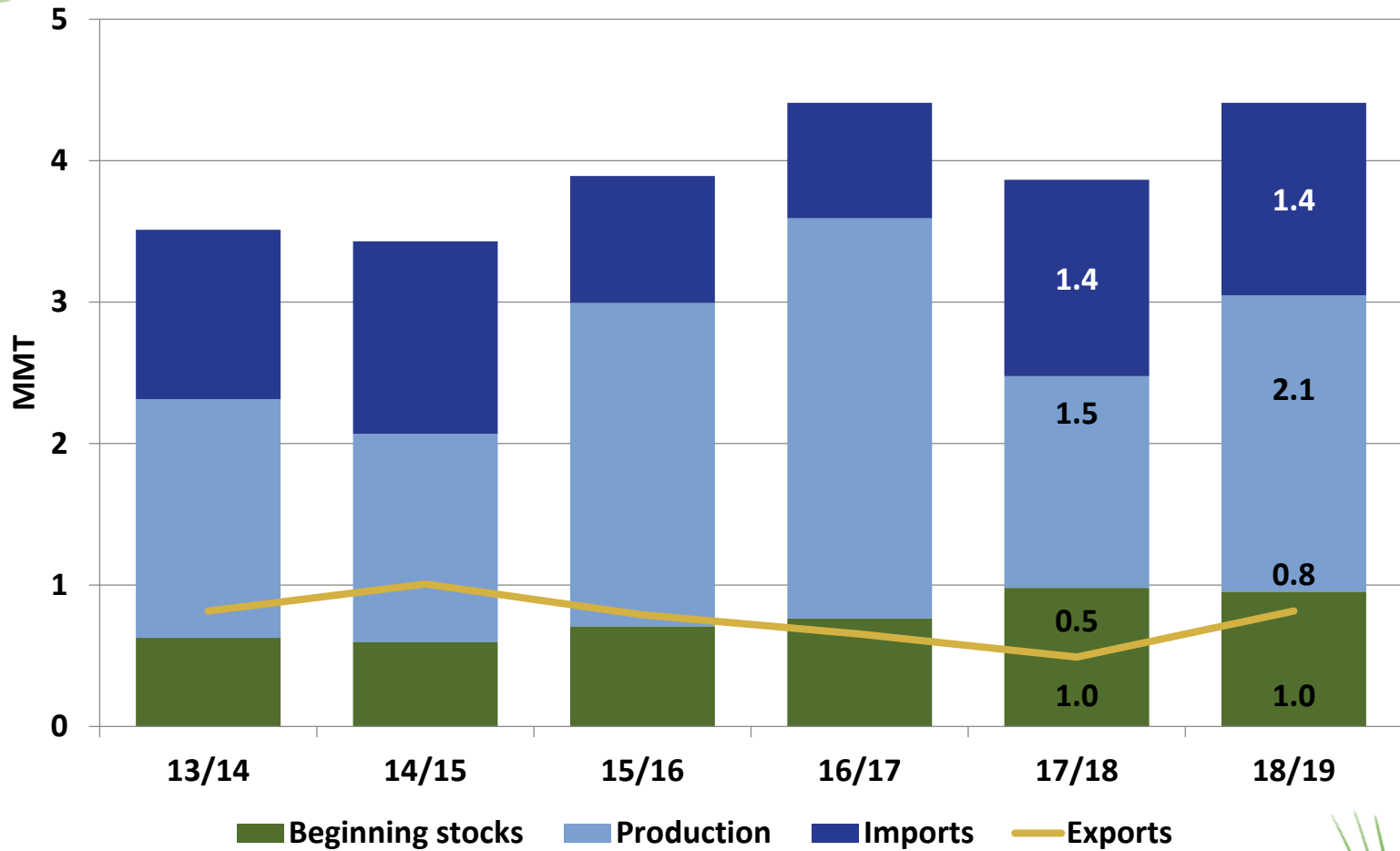
U.S. Soft Red Winter



U.S. White

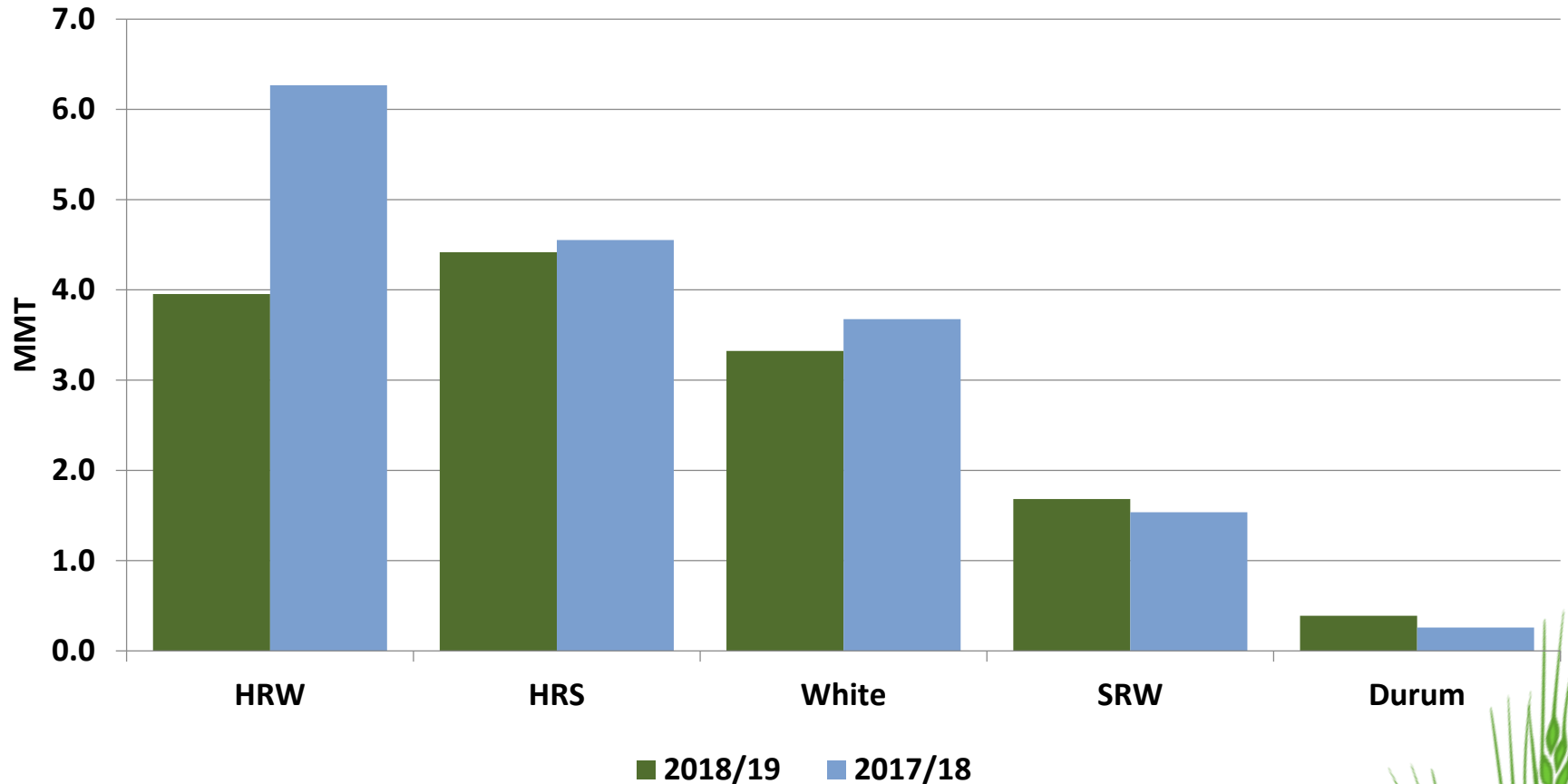


U.S. Durum



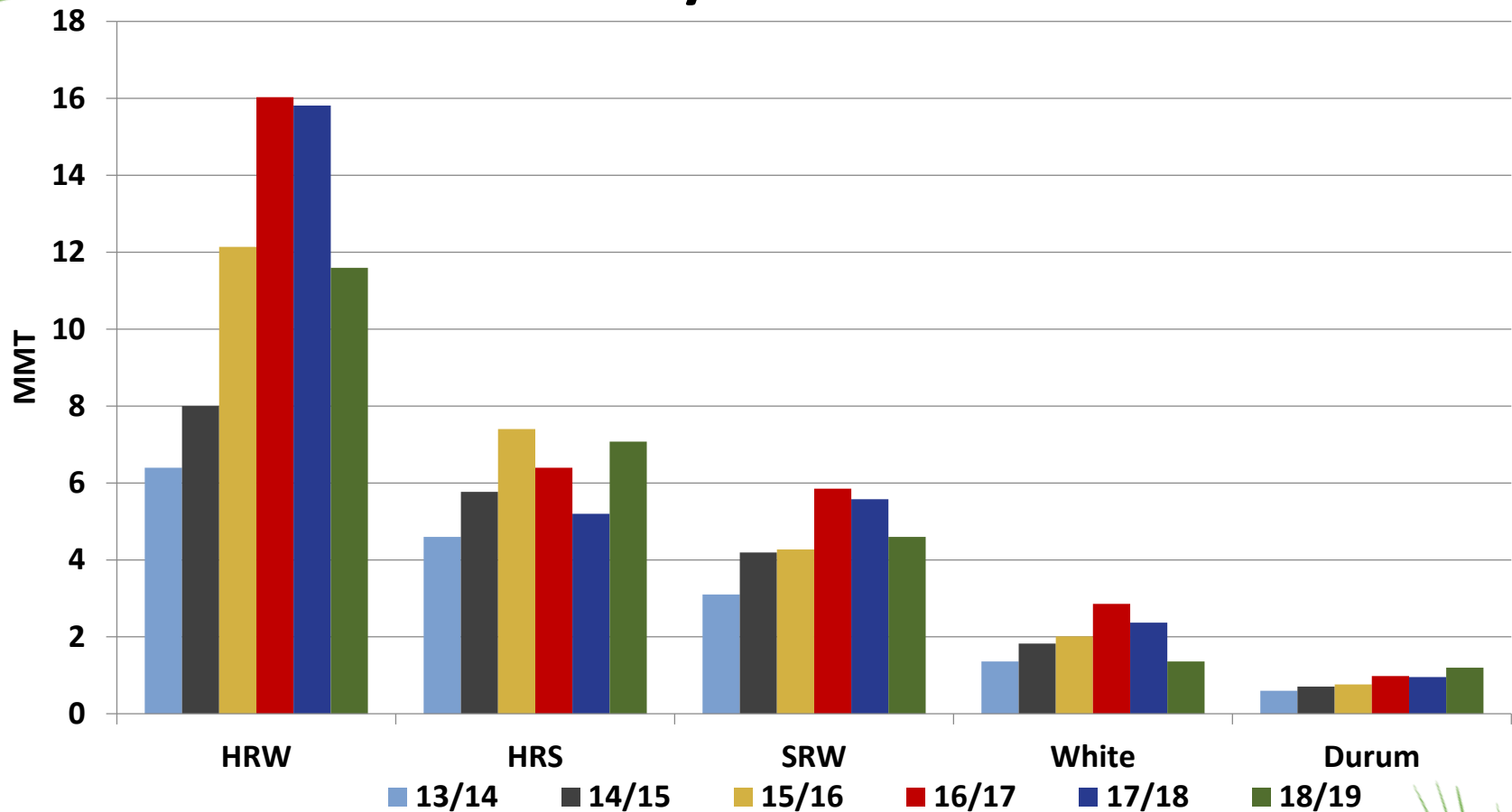
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report November 8, 2018.

U.S. Wheat Ending Stocks by Class



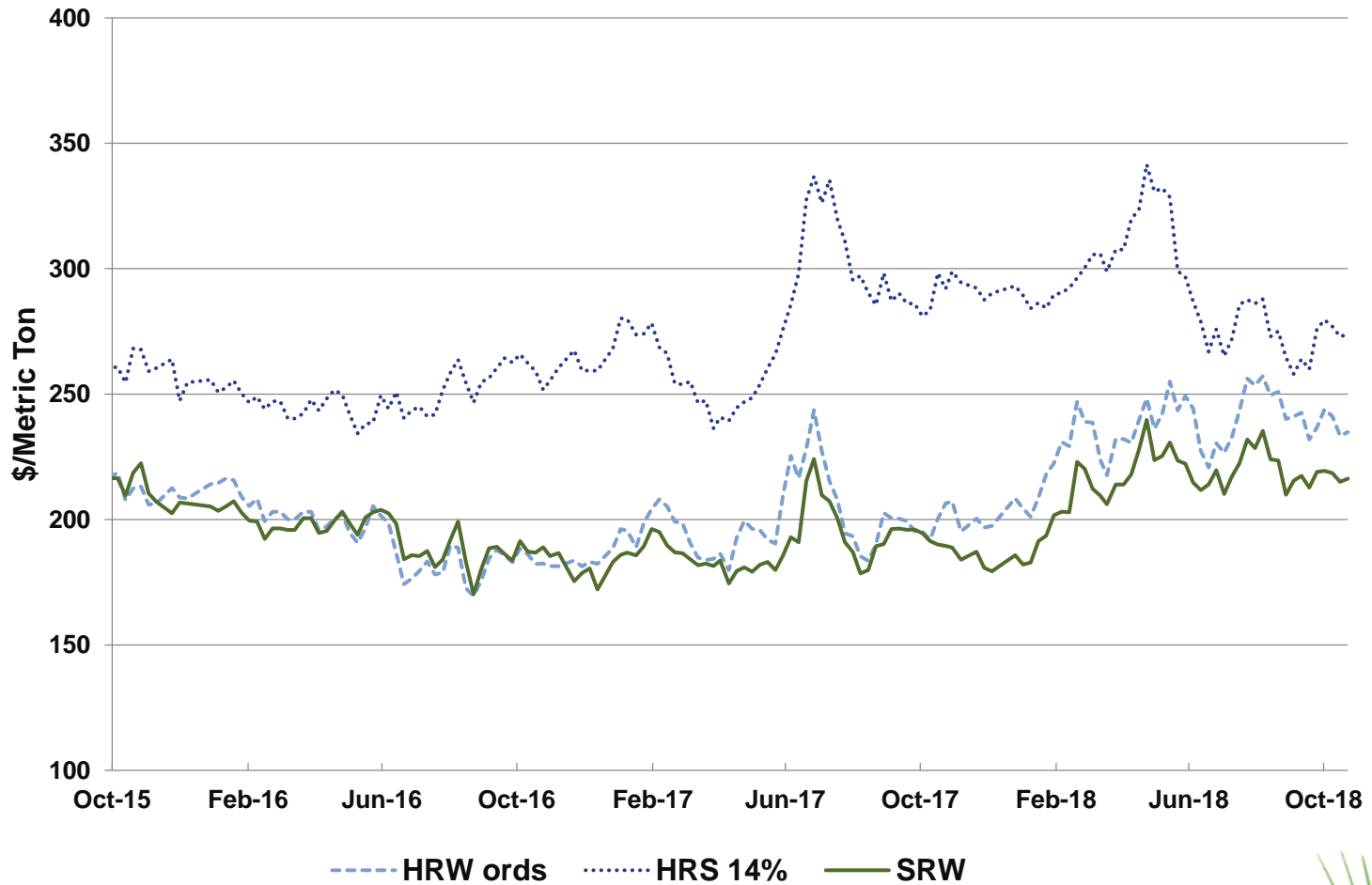
U.S. Wheat Supply and Demand

| | HRW | | HRS | | SRW | |
|------------------|-------------|------------|------------|------------|------------|------------|
| | 17/18 | 18/19 | 17/18 | 18/19 | 17/18 | 18/19 |
| | MMT | | | | | |
| Beginning Stocks | 16.0 | 15.8 | 6.4 | 5.2 | 5.9 | 5.6 |
| Production | 20.4 | 18.0 | 10.5 | 16.0 | 7.9 | 7.8 |
| Imports | <u>0.2</u> | <u>0.1</u> | <u>2.4</u> | <u>1.9</u> | <u>0.1</u> | <u>0.2</u> |
| Supply Total | 36.6 | 34.0 | 19.2 | 23.1 | 13.9 | 13.6 |
| Domestic Use | 10.7 | 12.5 | 7.8 | 7.9 | 5.9 | 5.7 |
| Exports | <u>10.1</u> | <u>9.9</u> | <u>6.2</u> | <u>8.0</u> | <u>2.5</u> | <u>3.3</u> |
| Use Total | 20.8 | 22.4 | 14.0 | 16.0 | 8.3 | 9.0 |
| Ending Stocks | 15.8 | 11.5 | 5.2 | 7.1 | 5.6 | 4.6 |
| Stocks-to-Use | 76% | 51% | 37% | 44% | 67% | 52% |

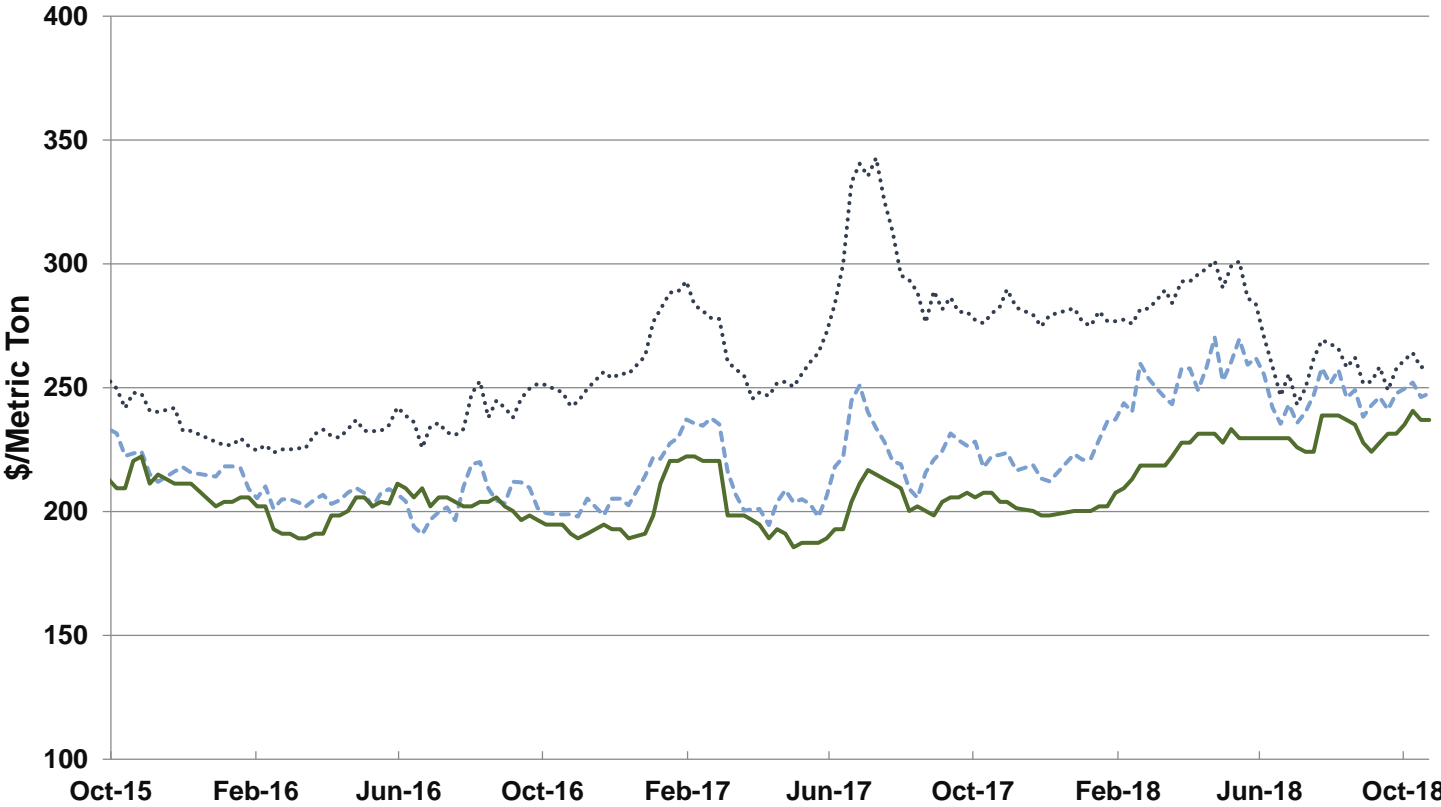
U.S. Wheat Supply and Demand

| | White | | Durum | | Total | |
|------------------|------------|------------|------------|------------|-------------|-------------|
| | 17/18 | 18/19 | 17/18 | 18/19 | 17/18 | 18/19 |
| | MMT | | | | | |
| Beginning Stocks | 2.9 | 2.4 | 1.0 | 1.0 | 32.1 | 29.9 |
| Production | 7.0 | 7.4 | 1.5 | 2.1 | 47.4 | 51.3 |
| Imports | <u>0.2</u> | <u>0.2</u> | <u>1.4</u> | <u>1.4</u> | <u>4.3</u> | <u>3.8</u> |
| Supply Total | 10.1 | 10.0 | 3.9 | 4.4 | 83.8 | 85.0 |
| Domestic Use | 2.4 | 2.6 | 2.4 | 2.4 | 29.3 | 31.1 |
| Exports | <u>5.3</u> | <u>5.9</u> | <u>0.5</u> | <u>0.8</u> | <u>24.5</u> | <u>27.9</u> |
| Use Total | 7.7 | 8.4 | 2.9 | 3.2 | 53.9 | 59.0 |
| Ending Stocks | 2.4 | 1.6 | 1.0 | 1.2 | 29.9 | 26.0 |
| Stocks-to-Use | 31% | 18% | 33% | 37% | 56% | 44% |

U.S. FOB Gulf Prices

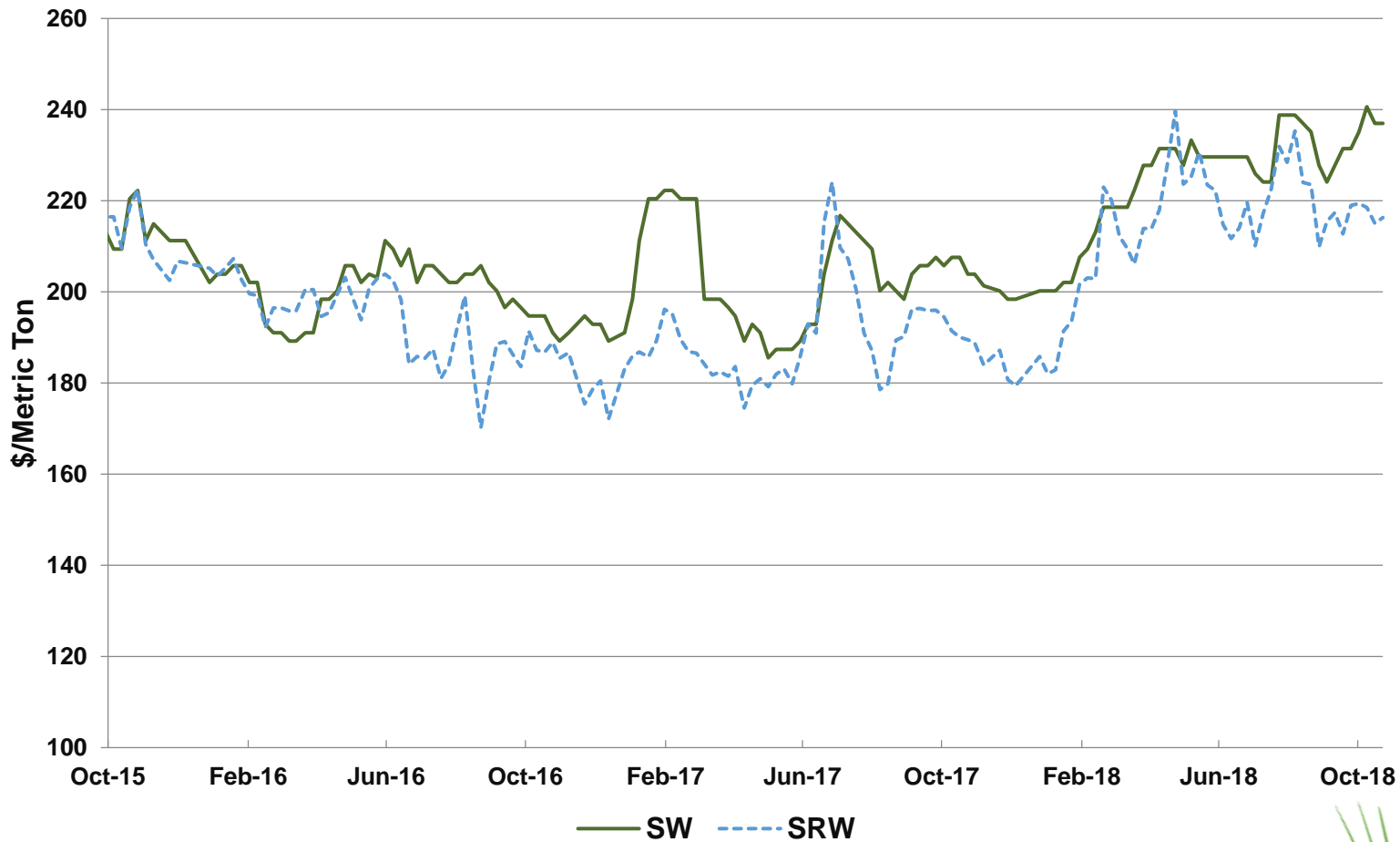


U.S. FOB PNW Prices

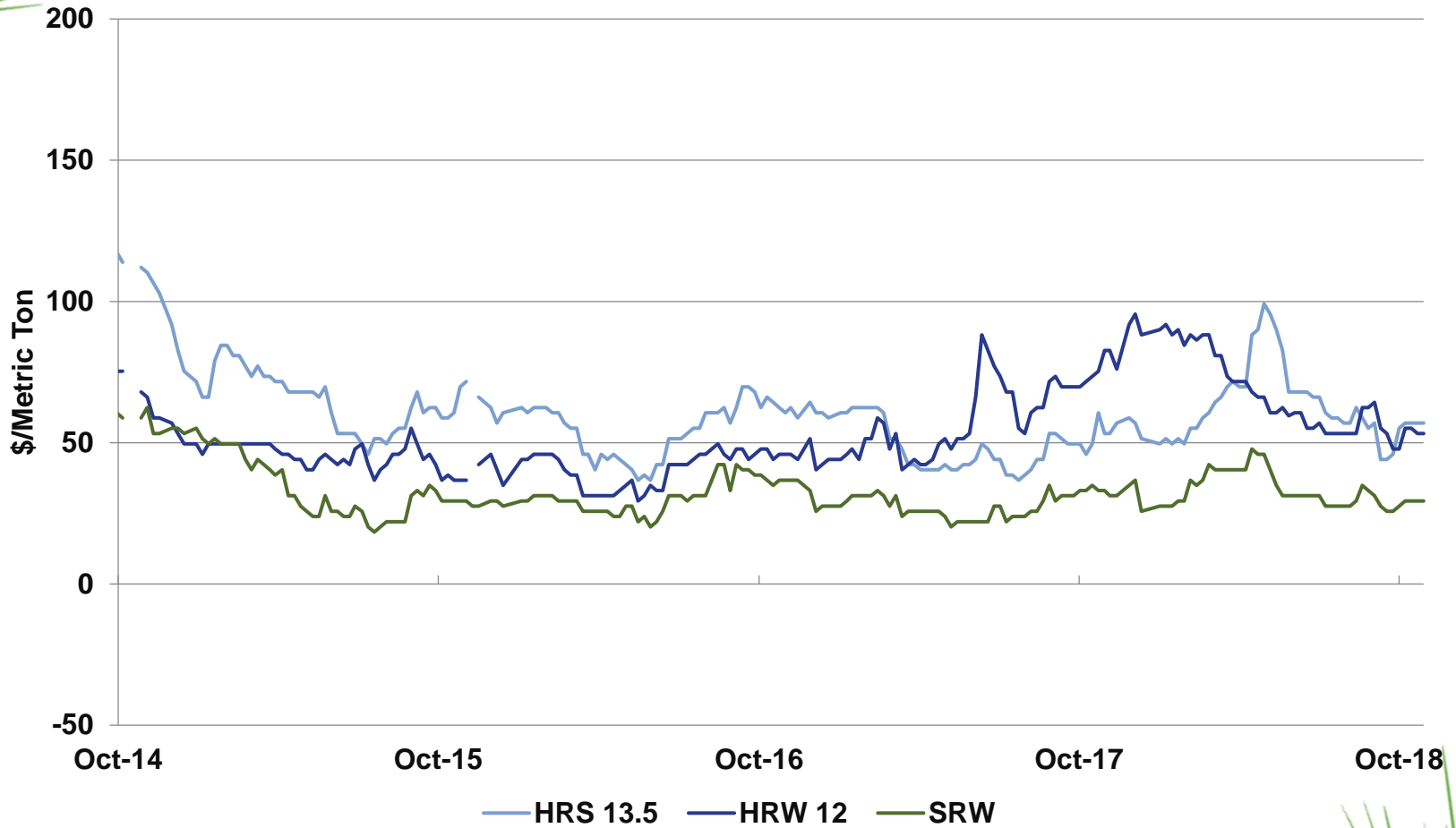


--- HRW 11.5% HRS 14% — SW

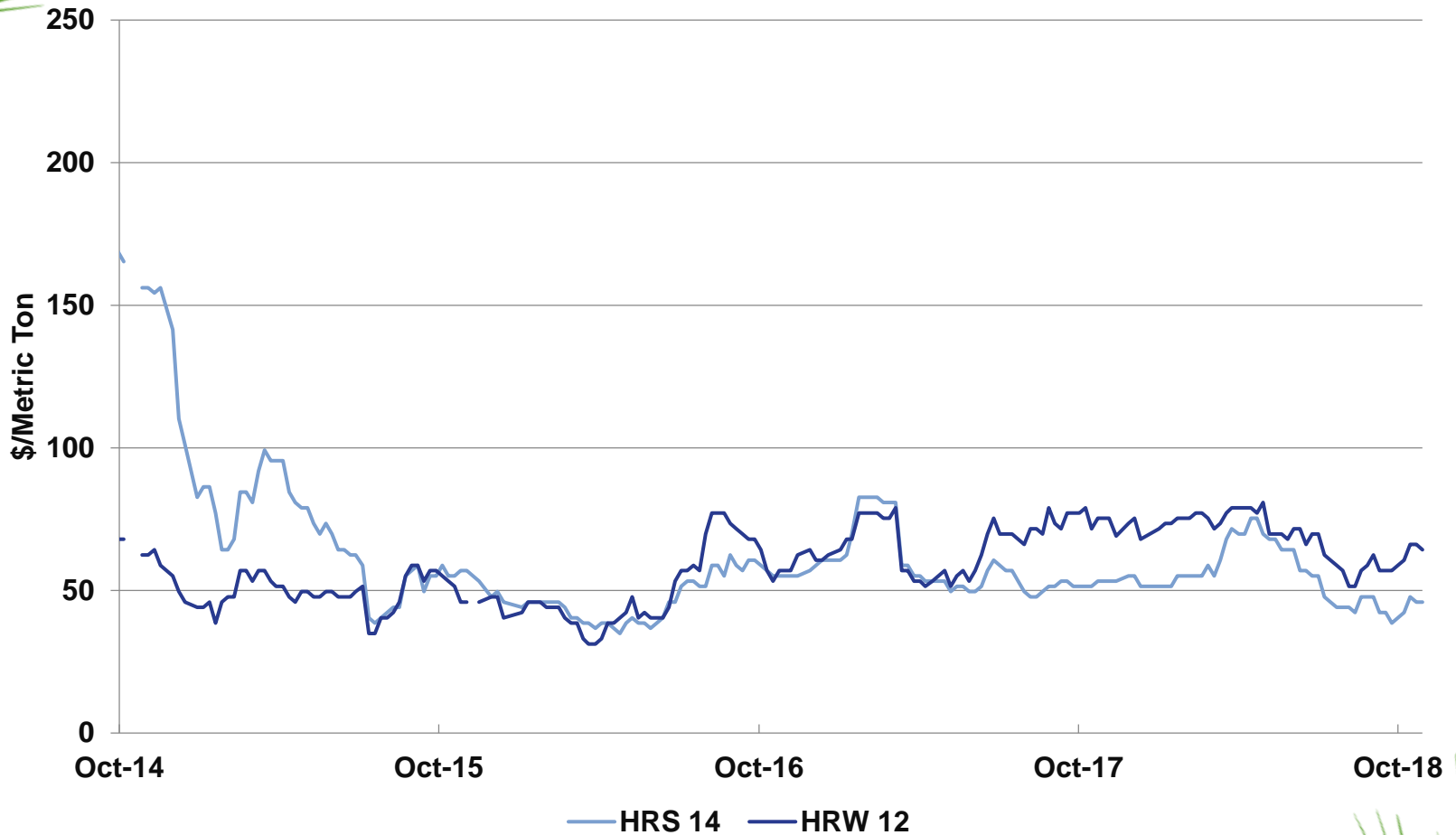
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

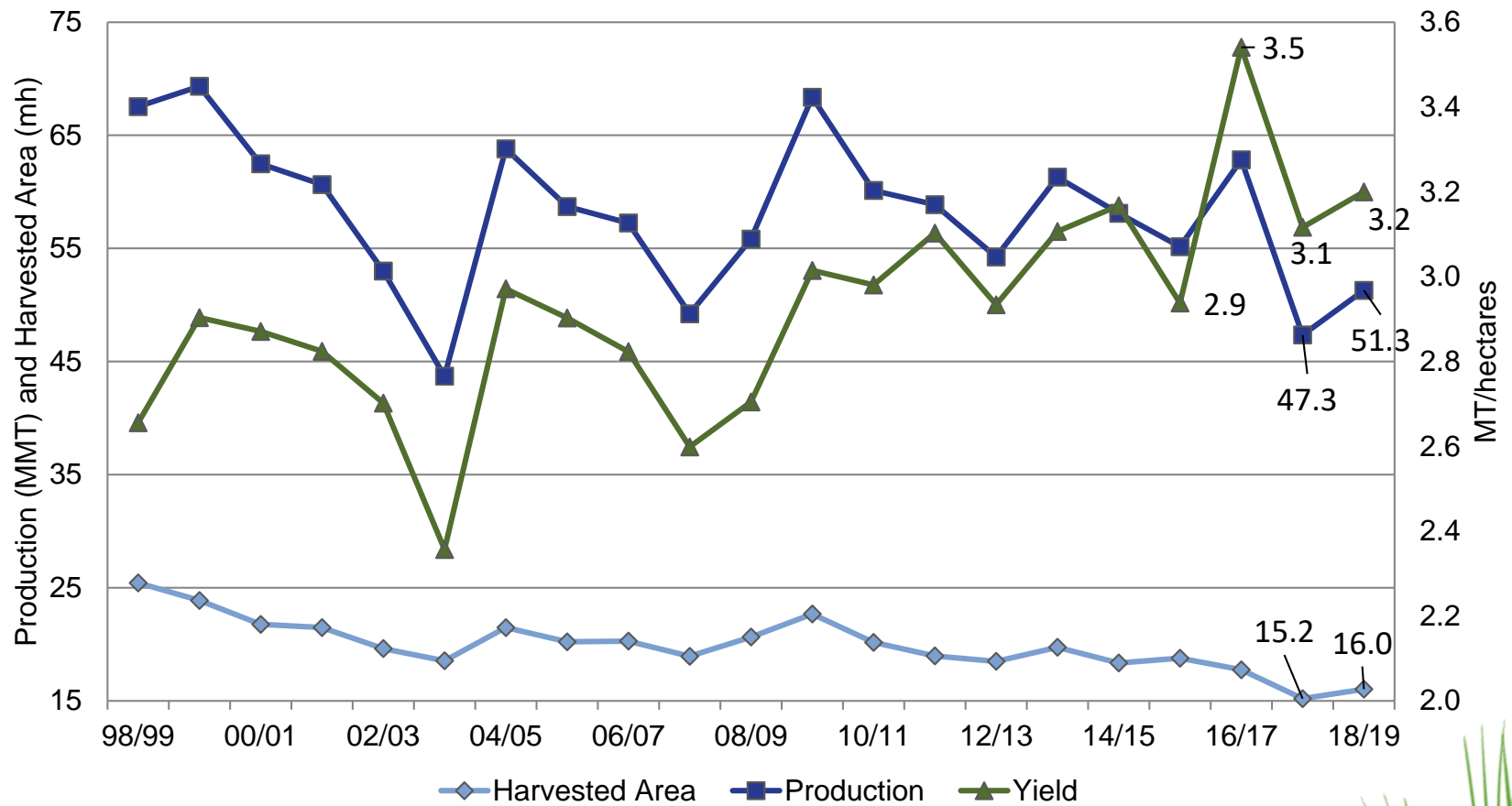


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

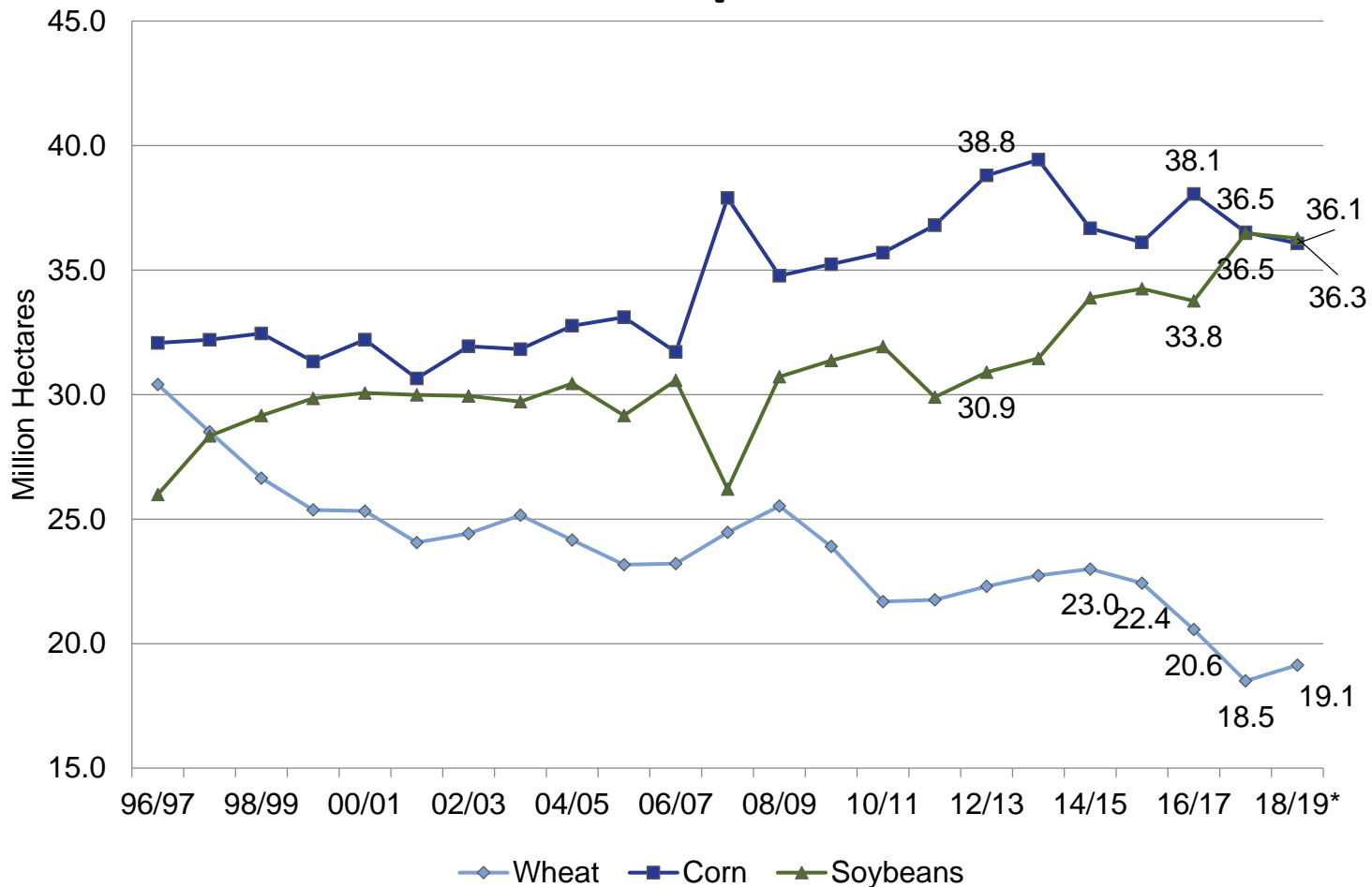


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U.S. Wheat Area and Production



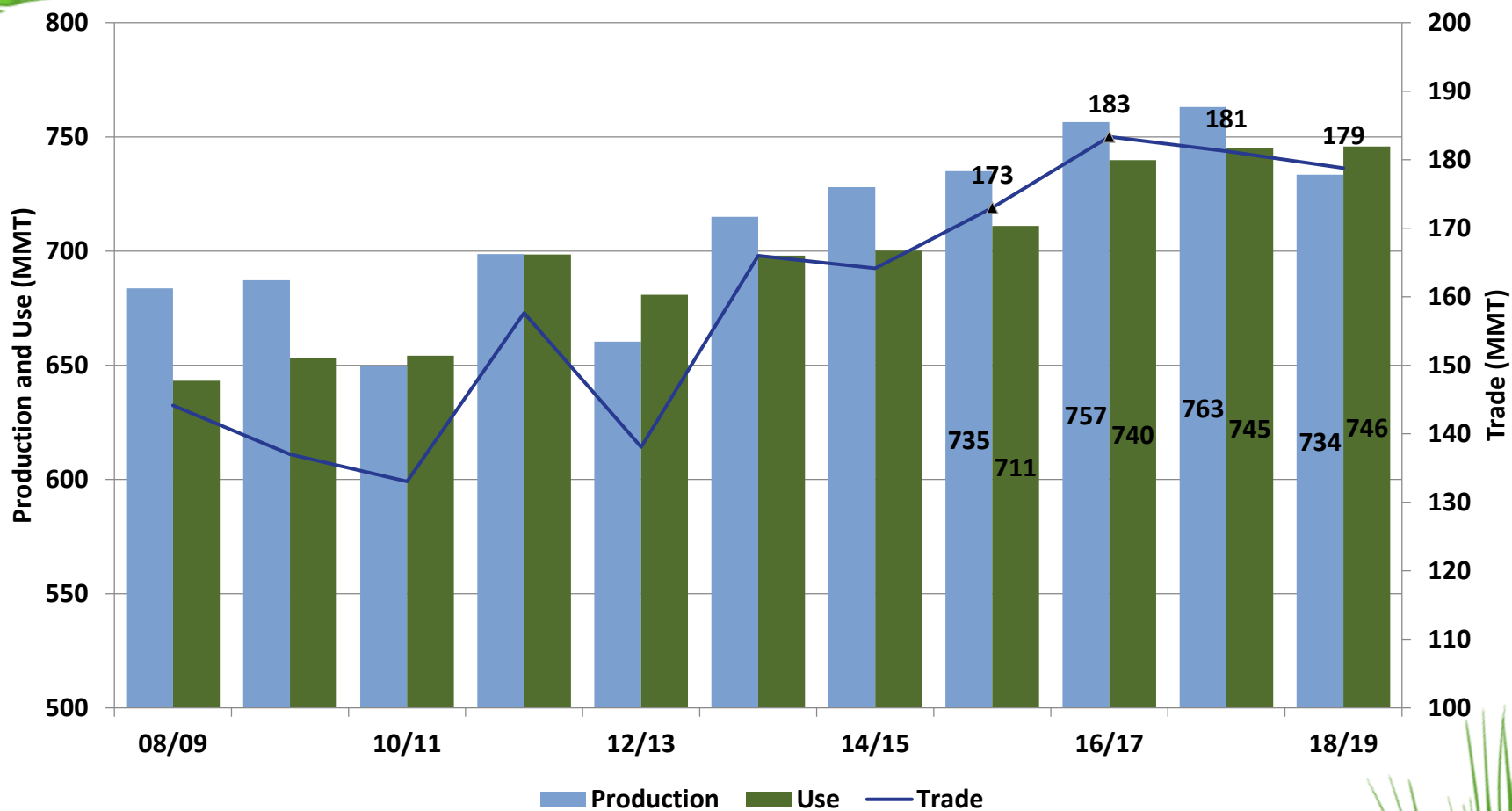
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 29, 2018

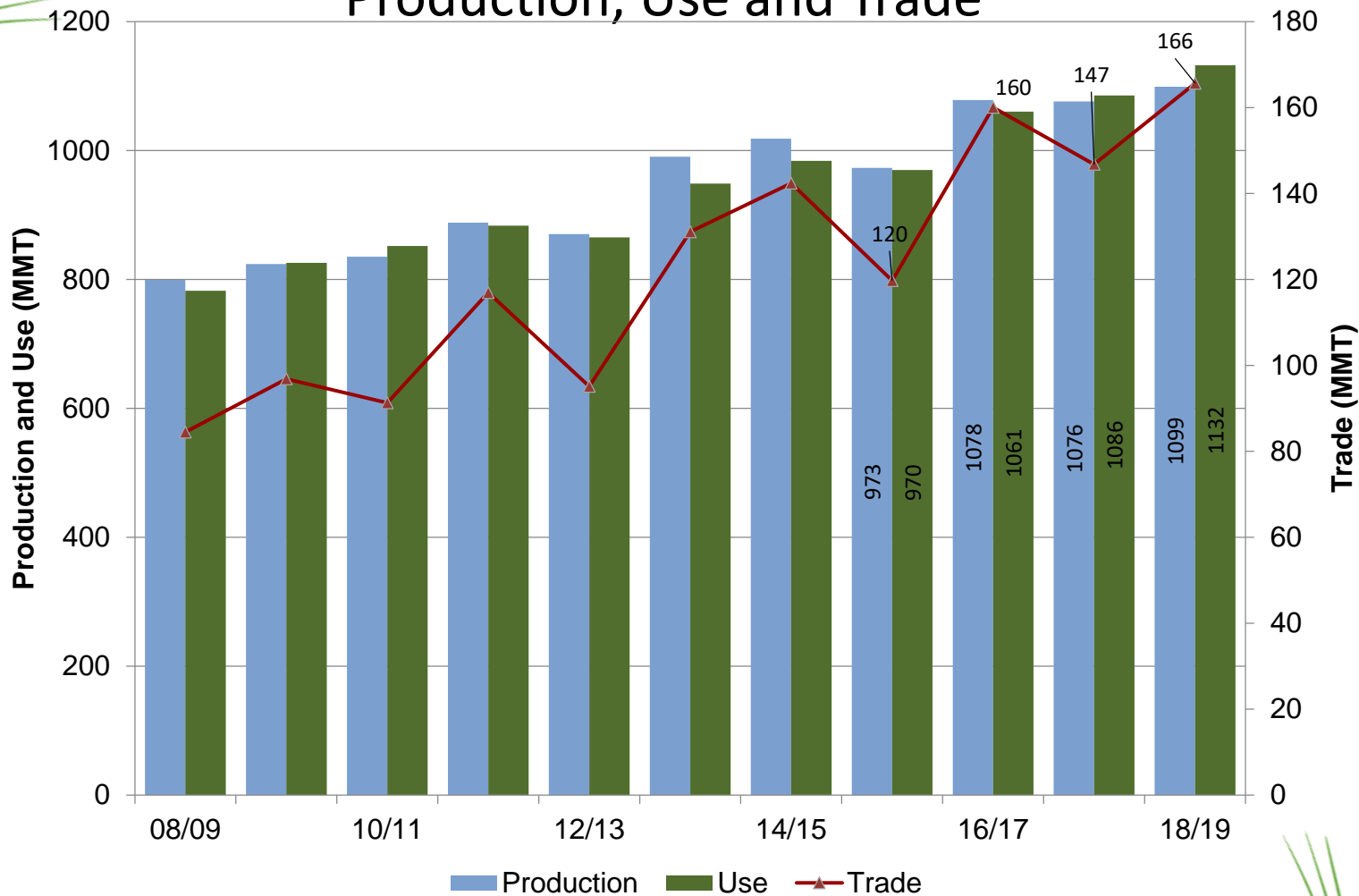
World Wheat

Production, Use and Trade



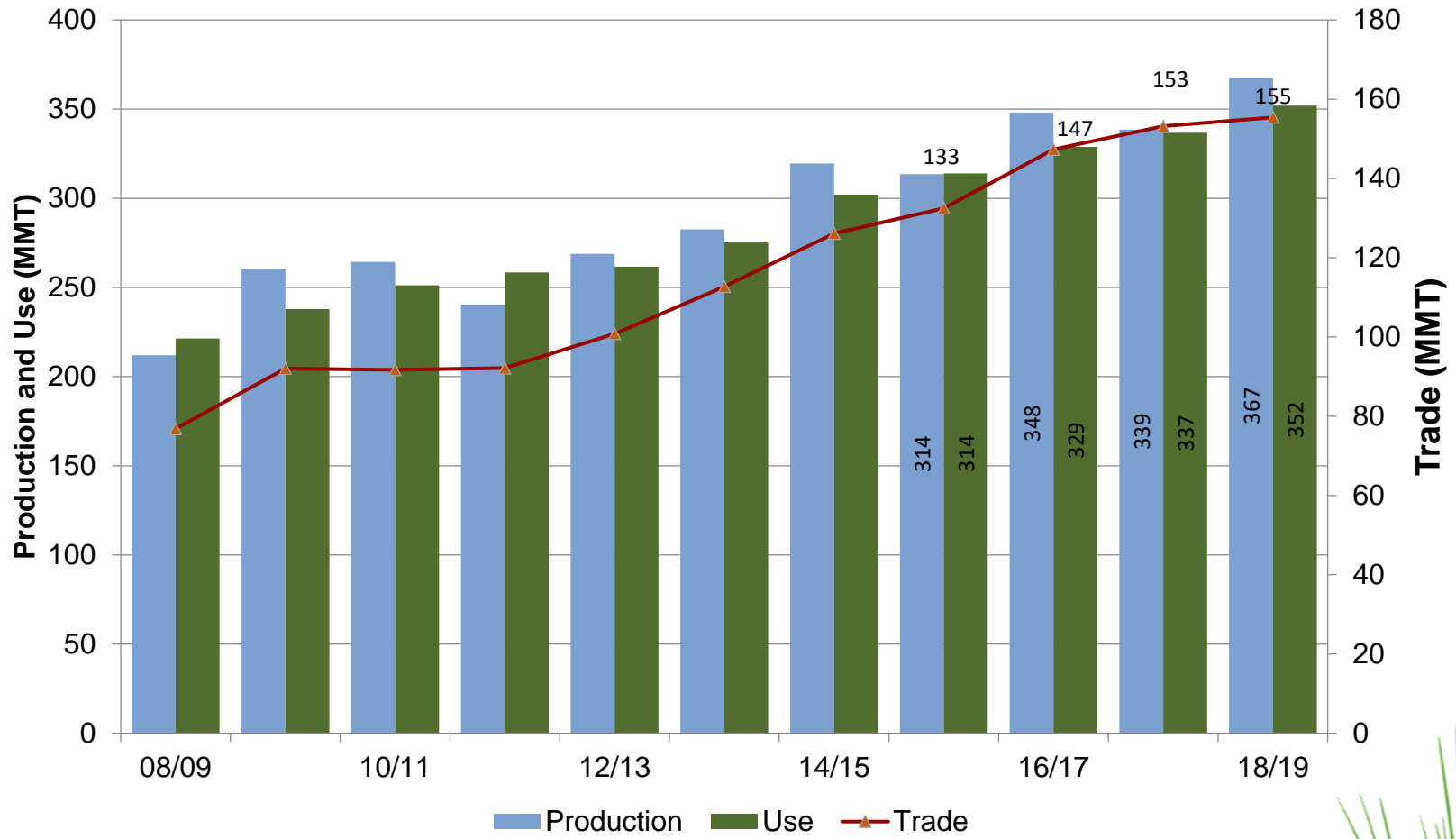
World Corn

Production, Use and Trade

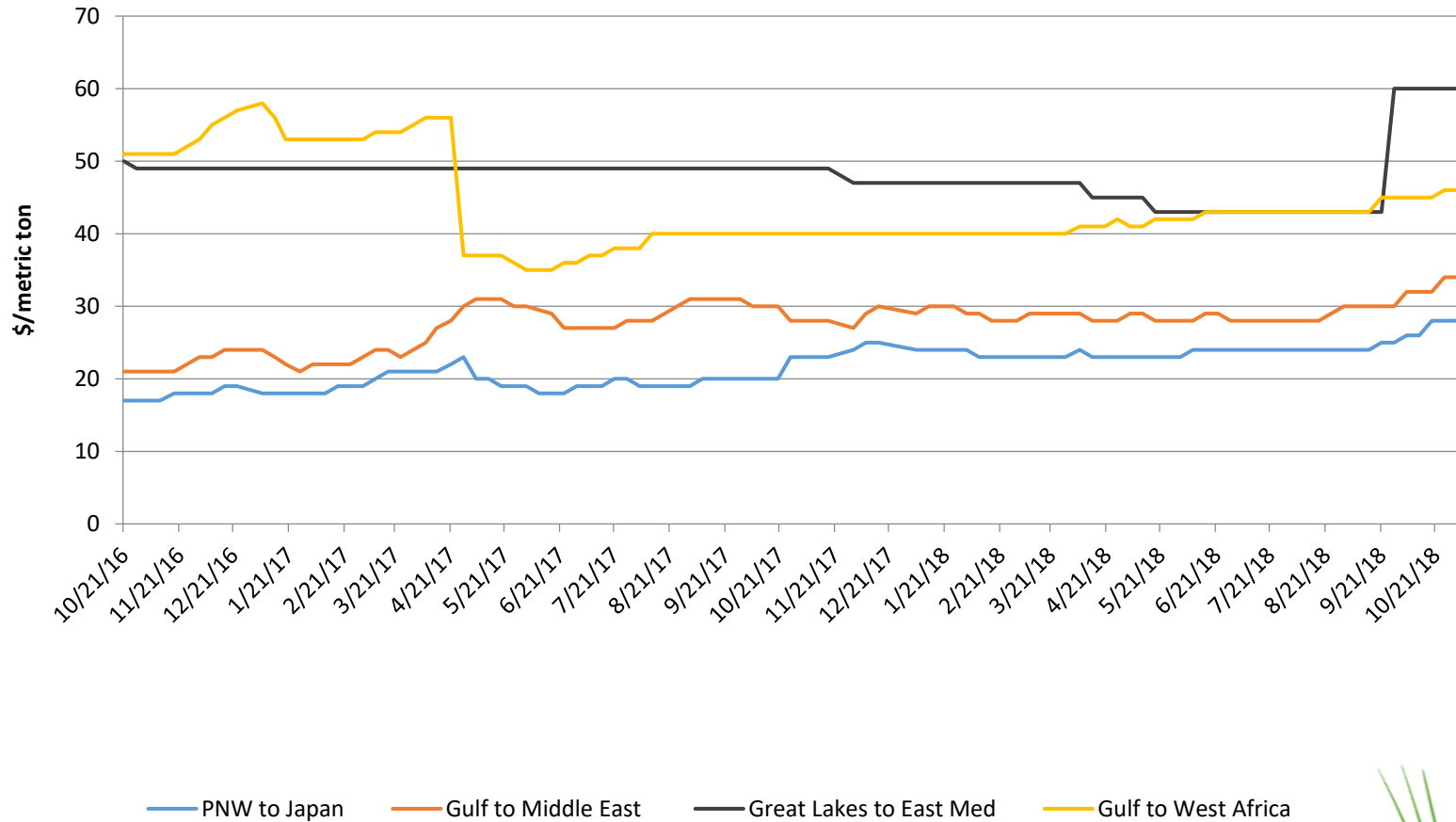


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production to fall for first time in 5 years**
 - Australian wheat production to fall to 17.5 MMT, 18% below 2017/18
 - Wheat production in the U.S. to reach 51.3 MMT, 8% below the 5-year average
- **Global ending stocks to decline to 267 MMT, still 11% above the 5-year average**
 - Ending stocks in the EU to fall to 10.2 MMT, 28% below the year prior, if realized
 - U.S. ending stocks to decrease to 25.8 MMT, down 14% from 2017/18, if realized
- **World consumption expected to remain at a record high in 2018/19; world trade to remain near record high**
 - Indonesian 2018/19 wheat imports to remain stable at 10.0 MMT, still 10% above the 5-year average
 - U.S. 2018/19 exports to total 27.9 MMT, 7% above the 5-year average, if realized



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